

1 Public Protection Cabinet

2 Department of Insurance

3 Division of Health and Life Insurance and Managed Care

4 (Amendment)

5 806 KAR 14:121. Minimum standards for the readability and intelligibility of insurance  
6 contracts.

7 RELATES TO: KRS 304.14-130, 304.14-420-304.14-450

8 STATUTORY AUTHORITY: KRS 304.2-110, 304.14-420

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the

10 Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to  
11 the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010.

12 [~~KRS 304.2-110 provides that the Executive Director of Insurance may adopt reasonable~~

13 ~~administrative regulations necessary for or as an aid to the effectuation of any provision of the~~

14 ~~Kentucky Insurance Code.~~] KRS 304.14-420(2) requires the Commissioner [~~Executive Director~~]

15 of Insurance to promulgate administrative regulations to establish the minimum standards for

16 [~~the~~] readability and intelligibility of insurance contracts. KRS 304.14-450(1) requires the

17 Commissioner [~~Executive Director~~] of Insurance to promulgate administrative regulations

18 establishing a list of type face styles acceptable for use in insurance contracts. The function of

19 this administrative regulation is to establish the list of type face styles acceptable for the use in

20 insurance contracts, and the readability and intelligibility of insurance contracts.

21 Section 1. Definitions. As used in this administrative regulation:

1 (1) "Commissioner" is defined by KRS 304.1-050(1). [~~"Executive director" means the~~  
2 ~~Executive Director of the Kentucky Office of Insurance~~];

3 (2) "Personal lines insurance" means those personal lines of insurance established  
4 [~~designated~~] in KRS 304.14-420(1);

5 (3) "Amended" or "renewed" do not include changes or extension of term that [~~which~~]  
6 are contractually granted and exercised by the policyowner or insured under the provisions of the  
7 policy;

8 (4) "Text" means all printed matter except:

9 (a) The name and address of the insurer, the name, number, or title of the policy, the table  
10 of contents or index, captions and subcaptions, specification or declarations pages, schedules, or  
11 tables; and

12 (b) Any policy language that [~~which~~] is drafted to conform to the requirements of any  
13 federal law, regulation, or agency interpretation, any medical terminology, and any policy  
14 language required by law or regulation, but the insurer shall certify that the language is entitled  
15 to be excepted from the definition of "text" as set forth in this paragraph.

16 Section 2. Scope.

17 (1) This administrative regulation shall apply [~~applies~~] to all personal lines insurance  
18 policies delivered, issued for delivery, amended, or renewed in Kentucky on and after one (1)  
19 year from the effective date of this administrative regulation.

20 (2) This administrative regulation shall not apply to policies issued for conversion from  
21 policies not subject to this administrative regulation.

22 Section 3. Minimum Standards for Legibility. No personal lines insurance policy shall be  
23 delivered, issued for delivery, amended, or renewed in Kentucky unless it is printed, except for

1 specification or declarations pages, schedules, and tables, in not less than ten (10) point type, one  
2 (1) point leaded.

3 Section 4. (1) The following type face styles shall be acceptable for personal lines  
4 insurance policies:

5 (a) Aldus

6 (b) Alternate Gothic No. 3

7 (c) American Typewriter Light

8 (d) American Typewriter Medium

9 (e) Americana

10 (f) Andover (Palatino)

11 (g) Antique Olive Light

12 (h) Aster

13 (i) Auriga

14 (j) Avant Garde Light

15 (k) Avant Garde Book

16 (l) Baskerville

17 (m) Bembo

18 (n) Benguiat Book

19 (o) Bodoni

20 (p) Bodoni Book

21 (q) Bookman

22 (r) Caledonia

23 (s) Candida

- 1        (t) Caslon Old Face No. 2
- 2        (u) Century Expanded
- 3        (v) Century Schoolbook
- 4        (x) Chelmsford (Optima)
- 5        (y) Clarendon Light
- 6        (z) Clearface
- 7        (aa) Crown (Century)
- 8        (bb) Egyptian
- 9        (cc) Egyptian Light
- 10       (dd) Electra
- 11       (ee) Eurostile
- 12       (ff) Fairfield Medium
- 13       (gg) Friz Quadrata
- 14       (hh) Garamond
- 15       (ii) Garamond No. 3
- 16       (jj) Goudy Oldstyle
- 17       (kk) Hanover (Melior)
- 18       (ll) Helvetica Light
- 19       (mm) Helvetica
- 20       (nn) Helvetica Condensed
- 21       (oo) Highland (Calendonia)
- 22       (pp) Iridium
- 23       (qq) Italia Book

- 1        (rr) Janson
- 2        (ss) Korinna
- 3        (tt) Megaron Light (Helvetica Light)
- 4        (uu) Megaron Medium (Helvetica Medium)
- 5        (vv) Melior
- 6        (ww) Memphis Light
- 7        (xx) Memphis Medium
- 8        (yy) Monticello
- 9        (zz) News Gothic
- 10       (aaa) Optima
- 11       (bbb) Orion
- 12       (ccc) Palatino
- 13       (ddd) Primer
- 14       (eee) Quorum Light
- 15       (fff) Quorum Book
- 16       (ggg) Rotation
- 17       (hhh) Sabon
- 18       (iii) Schoolbook
- 19       (jjj) Serif Gothic Light
- 20       (kkk) Souvenir
- 21       (lll) Souvenir Light
- 22       (mmm) Stymie Medium
- 23       (nnn) Stymie Light

- 1           (ooo) Tiffany Light
- 2           (ppp) Tiffany Medium
- 3           (qqq) Times Roman
- 4           (rrr) Trade Gothic Light
- 5           (sss) Trade Gothic
- 6           (ttt) Trade Gothic Condensed
- 7           (uuu) Trade Gothic Extended
- 8           (vvv) Triumvirant
- 9           (www) Trump
- 10          (xxx) Trump Medieval
- 11          (yyy) Univers Light
- 12          (zzz) Univers Medium
- 13          (aaaa) Univers No. 45
- 14          (bbbb) Univers No. 46
- 15          (cccc) Univers No. 55
- 16          (dddd) Univers No. 56
- 17          (eeee) Univers No. 57
- 18          (ffff) Univers 45 Light

19           (2) [~~This list is not intended to be exhaustive, but is an indication of the legibility of a~~  
20 ~~type face style that is required.~~] Any type face style selected other than those listed in subsection  
21 (1) of this section shall not be used unless approved by the commissioner [~~executive director~~].  
22 Extreme type styles including [~~such as~~] "Old English" or heavy block shall [~~are~~] not be  
23 acceptable.

1 (3) Italics, bold face, and contrasting styles may be used to emphasize important or  
2 technical terms and for captions. When two (2) or more type face styles are used, they shall be  
3 visually compatible.

4 Section 5. Minimum Standards for Intelligibility.

5 (1) A ~~[No]~~ personal lines insurance policy shall not be delivered, issued for delivery,  
6 amended, or renewed in this state unless the text achieves a minimum score of forty (40) on the  
7 Flesch reading ease test or an equivalent score on any other reading test approved by the  
8 commissioner ~~[executive director]~~ for use as an alternative that is comparable in result to the  
9 Flesch reading ease test. ~~[if it is comparable in result to the Flesch reading ease test.]~~

10 (2) For the purposes of this section, a Flesch reading ease test score shall be measured by  
11 the following method:

12 (a) For policy forms containing 10,000 words or less of text, the entire policy form shall  
13 be analyzed. For policy forms containing more than 10,000 words, the readability of two (2) 200  
14 word samples per page may be analyzed instead of the entire policy form. The samples shall be  
15 separated by at least twenty (20) printed lines. Any endorsement made a part of the policy may,  
16 at the discretion of the insurer~~[s-option]~~, be scored separately or as part of the policy.

17 (b) The number of words and sentences in the text shall be counted and the total number  
18 of words divided by the total number of sentences. The figure obtained shall be multiplied by a  
19 factor of 1.015.

20 (c) The total number of syllables shall be counted and divided by the total number of  
21 words. The figure obtained shall be multiplied by a factor of 84.6.

22 (d) The sum of the figures computed under paragraphs (b) and (c) of this subsection  
23 subtracted from 206.835 equals the Flesch reading ease score for the policy form.

1 (e) For the purposes of paragraphs (b), (c), and (d) of this subsection, the following  
2 procedures shall be used:

3 1. A contraction, hyphenated word, or numbers and letters, when separated by spaces,  
4 shall be counted as one (1) word;

5 2. A unit of words ending with a period, semicolon, or colon, but excluding headings and  
6 captions, shall be counted as one (1)~~[a]~~ sentence; and

7 3. A syllable means a unit of spoken language consisting of one (1) or more letters of  
8 words as divided by an accepted dictionary. Where the dictionary shows two (2) or more equally  
9 acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.

10 (3) All policy form filings subject to this administrative regulation shall be accompanied  
11 by a certificate signed by an officer of the insurer or other insurer representative authorized by  
12 the board of directors stating that the policy form meets the minimum reading ease score on the  
13 test used or stating that the score is lower than the minimum required, but the policy form may  
14 be approved in accordance with subsection (4) of this section. ~~[To confirm the accuracy of any  
15 certification, the executive director may require the submission of further information to verify  
16 the certification in question.]~~

17 (4) The commissioner ~~[executive director]~~ may approve a policy form filing ~~[authorize]~~  
18 with a lower reading ease test score than the Flesch reading ease score required in subsection (1)  
19 of this section if ~~[whenever in his sole discretion,]~~ he finds that a lower score:

20 (a) Will provide a more accurate reflection of the readability of a policy form;

21 (b) Is warranted by the nature of a particular policy form or type or class of policy forms;

22 or



1 (c) Is caused by certain policy language that [~~which~~] is drafted to conform to the  
2 requirements of any federal or state law, regulation, or agency interpretation.

3 [~~Section 6. Severability; Effective Date. (1) If any provision of this administrative~~  
4 ~~regulation or the application of this administrative regulation to any person or circumstance is for~~  
5 ~~any reason held to be invalid, the remainder of the administrative regulation and the application~~  
6 ~~of such provision to other persons or circumstances shall not be affected thereby.~~

7 [~~(2) This administrative regulation shall become effective upon completion of its review~~  
8 ~~pursuant to KRS Chapter 13A.~~]

9

806 KAR 14:121  
READ AND APPROVED:

*Sharon P. Clark*

12/18/2020

Sharon P. Clark  
Commissioner, Department of Insurance

Date

*Kerry B. Harvey*

12/21/2020

Kerry B. Harvey  
Secretary, Public Protection Cabinet

Date

## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held at 9:00 AM on March 22nd, 2021 at 500 Mero Street, Frankfort, KY 40602. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 PM on March 31st, 2021. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

Contact Person: Abigail Gall  
Title: Executive Administrative Secretary  
Address: 500 Mero Street, Frankfort, KY 40601  
Phone: +1 (502) 564-6026  
Fax: +1 (502) 564-1453  
Email: [abigail.gall@ky.gov](mailto:abigail.gall@ky.gov)

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 14:121  
Contact Person: Abigail Gall  
Phone: +1 (502) 564-6026  
Email: abigail.gall@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation is to establish the list of type face styles acceptable for the use in insurance contracts, and the readability and intelligibility of insurance contracts.

(b) The necessity of this administrative regulation: This administrative regulation sets for the standards of readability and intelligibility of insurance contracts.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.14-420(2) requires the Commissioner of Insurance to promulgate administrative regulations to establish the minimum standards for readability and intelligibility of insurance contracts. KRS 304.14-450(1) requires the Commissioner of Insurance to promulgate administrative regulations establishing a list of type face styles acceptable for use in insurance contracts.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 304.2-110 authorizes the Commissioner to promulgate administrative regulations to aide in the effectuation of the Insurance Code.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendments to this administrative regulation are changes required by Chapter 13A.

(b) The necessity of the amendment to this administrative regulation: The necessity of these amendments are established in the Chapter 13A.222, in which the drafting requirements are set forth. These requirements ensure the administrative regulation language to be uniform and simple for those needing to reference.

(c) How the amendment conforms to the content of the authorizing statutes: Chapter 13A gives a very detailed explanation of the formatting rules as well as prohibited words and phrases, so these amendments remove old language and replace with acceptable unambiguous language.

(d) How the amendment will assist in the effective administration of the statutes: The amendments made to this administrative regulation meet Chapter 13A guidelines, which means the administrative regulation meets standards that are more effective. With clearer language 304.1-010 is more effective and thus, allowing the Department to regulate more effectively.

- (3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All insurers writing business in the state of Kentucky.
- (4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:
- (a) List the actions each of the regulated entities have to take to comply with this regulation or amendment: Insurers writing insurance contracts must use the listed fonts and flesch score model established in the administrative regulation.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There is no cost associated for the entities.
- (c) As a result of compliance, what benefits will accrue to the entities: Insurers will meet readability and intelligibility requirements established by statute and regulation, thus, insurance contracts have a better chance of being approved.
- (5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:
- (a) Initially: Implementation of this amendment is not anticipated to have an initial cost on the Department of Insurance.
- (b) On a continuing basis: Implementation of this amendment is not anticipated to have an on-going cost on the Department of Insurance.
- (6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department will use funds from its current operational budget to perform the tasks necessary.
- (7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: An increase of fees will not be necessary because additional personnel is likely unnecessary.
- (8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not establish any fees.
- (9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this administrative regulation applies to all insurers writing insurance contracts.

## FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 14:121

Contact Person: Abigail Gall

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Email: abigail.gall@ky.gov

(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department as the implementer.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.2-110, 304.14-420

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation is revenue neutral.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation is revenue neutral.

(c) How much will it cost to administer this program for the first year? There is no expected cost to administer this program.

(d) How much will it cost to administer this program for subsequent years? There is no expected cost to administer this program.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(4) Revenues (+/-): Neutral

(5) Expenditures (+/-): Neutral

(6) Other Explanation: