

191—28.14(509) Disclosure and readability.

28.14(1) Disclosure. When a premium or identifiable charge is payable by a debtor for credit insurance coverage offered by a creditor, at the time insurance is applied for, disclosures shall be made to the principal debtor and copies given and retained, in accordance with state and federal law. The creditor shall also disclose the optional nature of the coverage, premium or identifiable charge separately by type of coverage, eligibility requirements, and policy limitations and exclusions. These disclosures shall be made prominently above the space for the signature indicating election to obtain the coverage. These disclosures may be made in conjunction with either (a) the federal truth-in-lending disclosure, or (b) a notice of proposed insurance, or insurance policy or certificate.

28.14(2) Readability. The insurance commissioner shall not approve any form unless the policy or certificate is written in nontechnical, readily understandable language, using words of common everyday usage:

- a. Each insurer is required to test the readability of its policies or certificates by use of the Flesch Readability Formula, as set forth in Rudolf Flesch, The Art of Readable Writing (1949, as revised 1974);
- b. A total readability score of 40 or more on the Flesch scale is required;
- c. All policies or certificates within the scope of this rule shall be filed with the insurance commissioner accompanied by a certification setting forth the Flesch score and certifying the compliance with the guidelines set forth in this rule.