



COMMISSIONER OF SECURITIES AND INSURANCE

Troy Downing
Commissioner

Office of the
Montana State Auditor

ADVISORY MEMORANDUM

To: ALL PROPERTY AND CASUALTY INSURERS
AND ALL OTHER INTERESTED PERSONS

From: TROY DOWNING
Commissioner of Securities and Insurance, Office of the Montana State Auditor

Date: March 10, 2022

Advisory Memorandum Regarding Montana's Property and Casualty Insurance Policy Language Simplification Act

This advisory memorandum is intended to provide guidance to the insurance industry with regard to how the Office of the Montana State Auditor, Commissioner of Securities and Insurance ("CSI") applies Montana's Property and Casualty Insurance Policy Language Simplification Act ("the Act") §§ 33-15-333 through 33-15-349, MCA, to commercial lines insurance policies.

Background

The Act requires that the policy text in all property and casualty policies must achieve a minimum score of 40 on the Flesch reading ease test (or an equivalent score on a comparable test). It has come to the CSI's attention that a minimum score of 40 is not warranted for commercial lines policies, given the undisputed complexity of commercial lines policies and the availability of risk managers/agents to explain such complexities to those who purchase commercial lines policies.

The Act authorizes the Commissioner, at his discretion, to lower the minimum score when a lower score is warranted by the nature of a particular policy or type or class of policy.

Application

Accordingly, the Commissioner has exercised his discretion to determine that a minimum score of zero (0) on the Flesch reading ease test (or an equivalent score on a comparable test) is warranted for commercial lines policies.

For questions about this advisory memorandum, please contact Deputy Insurance Commissioner Bob Biskupiak at 406-444-5438.

This advisory memorandum is informational only and does not enlarge, reduce, or otherwise modify any requirements of the Montana Insurance Code or in any way limit the authority of the CSI under applicable law. The CSI encourages insurers to consult with independent legal counsel for further guidance on the application of the Montana Insurance Code to any particular circumstance.