

## **Oregon Insurance Division**

### **Organization & Formatting of Forms**

- **APPLICATION OF ORS 742.005(2)**

ORS 742.005: The Director of the Department of Consumer and Business Services shall disapprove any form requiring director's approval:

(2) If the director finds the forms contain any provision, including statement of premium, or any label, description of its contents, title, heading, backing or other indication of its provisions, which is unintelligible, uncertain, ambiguous or abstruse, or likely to mislead a person to whom the policy is offered, delivered or issued.

Product standards require policy language to be set forth in clear and understandable description of coverages. The statutory authority for this standard is ORS 742.005(2). This statute also applies to the design and organization of forms. Coverages, limitations, exclusions and other matters are to be organized in logical, reasonable, understandable, and rational order and set forth in such a way that is clear and unambiguous to the consumer.

- **General Guidelines for Design and Organization**

The term "restrictions" in these guidelines is used generally to refer to exclusions, limitations, abridgements, etc.

- Restrictions need to be in close proximity, immediately following the coverage, or in a separate identified section.
- Restrictions need to be prefaced as such. The format needs to alert the reader that coverage and restrictions are present if combined in the same sentence, paragraph or section.
- Coverages are clearly outlined and there is a clear distinction between what is and is not covered.
- When using titles, labels, or heading for restrictions, it should reflect the type of restriction contained in the provision or section, i.e., limitations are identified as limitations and not exclusions.
- All important words that affect the coverage must be defined. If defined in a definitions section, the word must be distinguished as a defined word (e.g. in quotes, bolded, underlined, capitalized, etc.).
- The definition of a word cannot alter a coverage unless it is also described in the coverage or restriction provision.
- Policy format and organization is internally consistent.