


Academic study with the University of Nottingham

How clear are your policy wordings?

12 June 2018  Tim Johnson

The University of Nottingham, in collaboration with Browne Jacobson, has undertaken a detailed academic study into the readability of insurance policies, with some fascinating results.

The main findings from the study are that:

- all policies reviewed required education to at least **A-level** (and in most cases **graduate** or **postgraduate** level) in order to be meaningfully understood;
- policyholders routinely find it difficult to understand what is and what is not covered, when given real-life scenarios (comprehension ranged from **between 32% and 66%**);
- the least-readable policy that was tested could only be meaningfully understood by **13.4% of the UK adult population**.

The study firmly indicates that the high reading age (the estimate of number of years of formal education required to understand a text) of the policies has a material impact upon a policyholder's understanding of the cover.

However, the study also revealed that by applying the drafting methodologies summarised in this report, it is possible to significantly improve the readability of policy wordings and to improve comprehension. For example, it was possible to reduce the reading age of one policy by **10 years** from **doctorate** level to that of a **Year 8 pupil** (i.e. a 12-to 13-year-old). This increased the estimated percentage of the UK population that could understand the policy by some 75%, **from 13.4% to 89%** (an increase of **40.4 million** people).

Overall, the study shows that much can be done to improve the readability of policy wordings, and that there are significant benefits for those insurers that do so. It will be interesting to see how the market responds to increased knowledge about how individuals read and understand policy wordings.

To view details of the full study, please click below:

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