

An Ethos CRS  
and VisibleThread  
readability report

# The 2022 readability scorecard: Australian insurance companies

ethos<sup>η</sup> crs

Research report 3

ISSN 2653-4428  
© Ethos CRS 2022

Please contact us at  
[service@ethoscrs.com.au](mailto:service@ethoscrs.com.au)  
if you would like to  
learn more.

## CONTENTS

Executive summary	1
Introduction	2
Findings	4
Flesch Reading-Ease score	6
Case study: Frequently asked questions	9
Discussion	10
Recommendations	12
Method	13
Caveats	14
References	15
Appendix 1	16
About us	17

Our aim in  
***The 2022 readability  
scorecard: Australian  
insurance companies***  
is to compare the readability  
of documents produced by  
the largest insurance  
companies in Australia.

## EXECUTIVE SUMMARY



Not one document came close to reaching a benchmark score of 100. The average readability score for the 26 companies was 74.3.

In this report, Ethos CRS analyses the readability of documents produced by the largest insurers in Australia.

Our starting points:

- » Customers should be able to easily read what their insurer puts in writing.
- » Clarity helps customers make informed financial decisions.

In total, we analysed the readability of 52 documents from 26 companies (PDFs published by insurers on their websites). Using the online readability application VT Writer, we measured the Flesch Reading-Ease score and the percentage of sentences written in the active voice. VT Writer derives the Flesch Reading-Ease from sentence length and word complexity. We used these metrics to generate the Ethos CRS readability score. Documents that met benchmarks for each attribute generated a readability score of 100.

Not one document came close to reaching a benchmark score of 100. The average readability score for the 26 companies was 74.3.

We awarded the gold medal for the most readable suite of documents to SGIO. Their documents scored an average of 83.8.

We awarded the silver medal to SGIC. Their documents generated an average readability score of 83.1.

The bronze medal goes to NRMA Insurance with an overall readability score of 81.3.

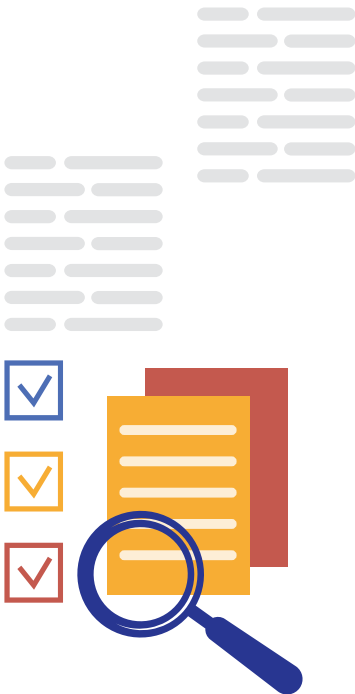
These findings suggest that insurers still have some work to do if they are to engage clearly and effectively with their customers. Ethos CRS has recommends that insurers:

- » adopt the principles of plain language
- » set universal readability standards
- » apply readability standards to FAQ webpages

Ethos CRS can't determine if these publicly available documents are representative of internal documents such as standard procedures and policies. It is conceivable, however, that large organisational gains can be generated when internal documents are clear, readable and aligned to purpose.

## INTRODUCTION

### **In The 2022 readability scorecard: Australian insurance companies, Ethos CRS examines the readability of documents and content produced by Australia's largest insurance companies.**



Insurance is important – and the decision to buy a policy with the right company is important. The insurance industry in Australia on average pays out \$166.2 million in claims each working day. In a single year, Australian insurers write 43 million business and household policies.

The Insurance Council of Australia's General Insurance Code of Practice states insurers must take reasonable steps to make sure that their communications are in plain language.

All insurers face the challenge of delivering complex information to a diverse range of members. Levels of financial literacy vary widely.

Producing readable content is an important first step if insurers are to address this challenge. In this scorecard, we:

- » detail findings from our analysis
- » discuss issues that arise from our findings
- » make recommendations to address the communication challenge
- » explain our research method.

## Setting up the benchmarks

We set benchmarks for different readability metrics to derive the Ethos CRS readability score for each document and an average score for each insurer.

Ideal scores reflect:

- » sentences written in the active voice – 95% or higher
- » shorter words with fewer syllables
- » an average sentence length of 15 to 25 words as recommended in the Australian Government Style Manual
- » a reading grade level of 7 or lower as recommended in the Australian Government Style Manual.

We used these metrics to determine and rank scores against our overall benchmark of 100. A score of 100 meets our overall benchmark for clear, effective writing.



## FINDINGS

### The Ethos CRS readability score is a quantifiable measure of the clarity and quality of documents.

#### Ethos CRS readability score

The Ethos CRS readability score is a quantifiable measure of the clarity and quality of documents.

A readability score of 100 reflects writing that is easy to read. To achieve this benchmark is to communicate using plain language anyone can understand. Comprehension is compromised when sentences are too long; content is too wordy; or words are overly complicated.

Table 1 shows all 26 insurers examined in this survey, ranked according to the readability of their documents.

- » SGIO had the highest average readability score in this survey, at 83.8.
- » SGIC was second, with a readability score of 83.1.
- » NRMA Insurance had the next-best overall readability score of 81.3.

The average readability score for the 26 companies was 74.3. This tells us that, on average, content did not meet established benchmarks for use of the active voice, sentence length and word complexity.

Table 1: Insurance companies (PDS), ranked for overall readability

Company	Rank	Readability score
SGIO	1	83.8
SGIC	2	83.1
NRMA Insurance	3	81.3
RACV	4	78.7
CGU Insurance	5	78.3
GIO	6	77.1
AAMI	7	76.4
Allianz	8	76.3
Australia Post	9	75.7
Coles	10	75.6
RACQ	11	75.6
QBE	12	75.5
Apia	13	74.8
Qantas	14	74.4
Catch Insurance	15	74.4
Budget Direct	16	74.1
ING	17	74.0
Auto and General	18	73.7
Vero	19	72.8
Real Insurance	20	71.5
Elders Insurance	21	70.2
Shannons	22	70.1
Westpac	23	69.2
Youi	24	67.5
CommInsure	25	64.8
WFI	26	64.2



## Active voice

On average, in the documents we examined, 72.9% of sentences were written in the active voice. This result falls below our benchmark of 95%.

Active sentences make text clearer and improve readability. The higher the percentage of sentences written in the active voice, the better the readability score.

Figure 1 shows the distribution of insurers using the active voice metric.

Figure 2 shows which insurers had the highest scores for use of active voice in their documents.

The documents with the highest percentage of active voice sentences were 2 motor insurance Product Disclosure Statements (PDSs), one from NRMA Insurance and the other from SGIO. The active voice score was 81.6% for both documents.

The document with the lowest percentage of active voice was a car insurance PDS from Youi that scored 61.2%.

Figure 1: Readability and active voice

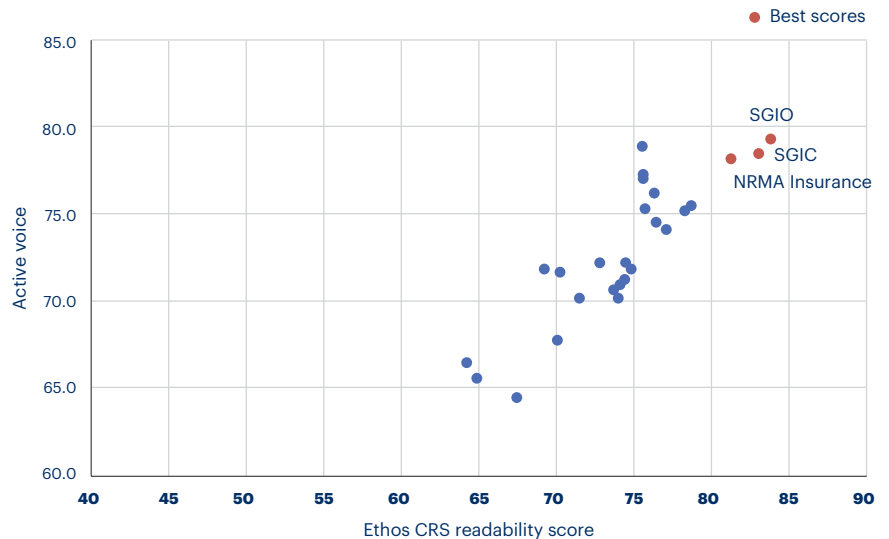


Figure 2: Best scores for active voice



# FLESCH READING-EASE SCORE

The Flesch Reading-Ease score gives a score from 1 to 100, with higher scores meaning text is easier to read. The Flesch Reading-Ease score uses sentence length and word complexity, measured by average syllables per word, to produce a final score.

For all 26 insurers, the average score for Flesch Reading-Ease was 54.8.

## Sentence length

Average sentence length was about 20 words per sentence across all 52 documents. This falls in the recommended range of 15 to 25 words.

Shorter sentences help make text more readable. Readability improves by keeping average sentence length to the recommended range.

Figure 3 shows the distribution of insurers using the average sentence length metric.

Figure 4 shows which insurers had the best scores for average sentence length in their documents.

The documents with the lowest average sentence length were a home insurance PDS from Catch Insurance and a home insurance PDS from SGIC. They had an average of 17 words per sentence, which falls in the benchmark range.

The document with the highest average sentence length was a PDS from WFI. Sentences had an average of 26 words, slightly above our recommended range.

Figure 3: Readability and sentence length

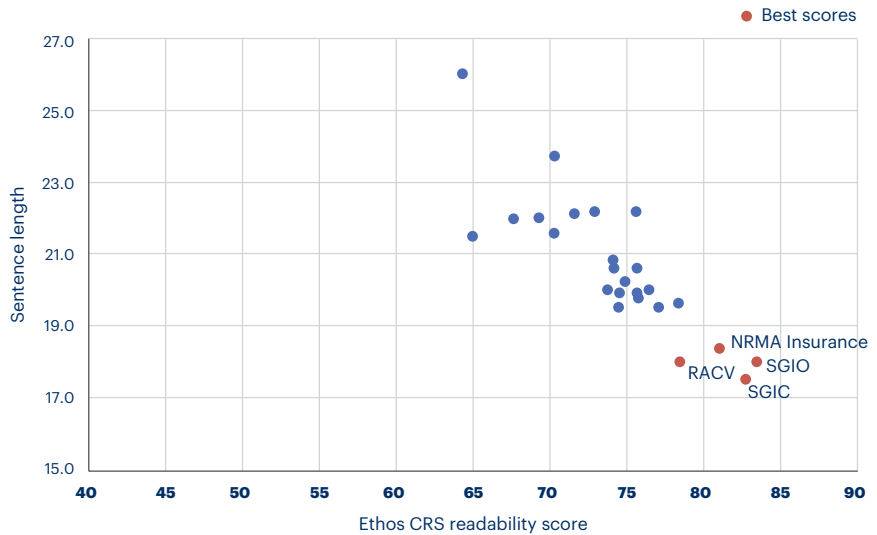


Figure 4: Best scores for average sentence length



## Word complexity

VT Writer measures word complexity using average syllables per word.

Across all 52 documents, words had an average of 1.5 syllables.

Shorter or simpler words help make text more readable.

Figure 5 shows the distribution of insurers using the word complexity metric.

Figure 6 shows which insurers had the best scores for word complexity in their documents.

Figure 5: Readability and word complexity

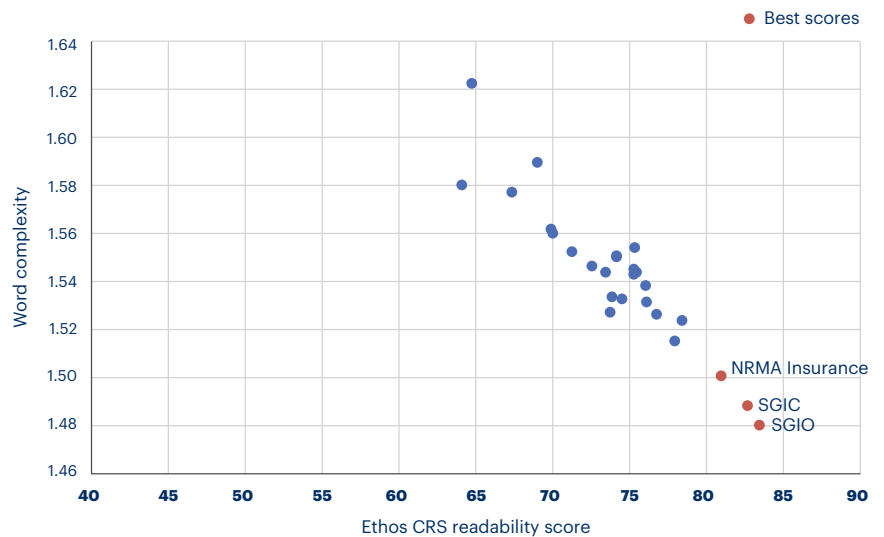


Figure 6: Best scores for word complexity



## Grade level

Ethos CRS does not factor grade level into our readability score. However, it is another metric helpful for understanding the readability of text. The Australian Government Style Manual recommends writing to a reading grade level of 7 or lower.

For all 52 documents, the average score for grade level was 10.7.

Figure 7 shows the distribution of insurers against metrics of readability and the average grade level.

Figure 8 shows which insurers had the lowest average grade level for their documents.

The document with the lowest grade level was a home insurance PDS from SGIC. Its grade level score was 8.6, which means the PDS may be easy to read for members who have completed year 9 at school.

The document with the highest grade level score was a PDS from WFI. Its grade level score was 13.2. This document may be clear to members with an undergraduate tertiary education, but it is not easy to read for most people.

Figure 7: Readability and grade level

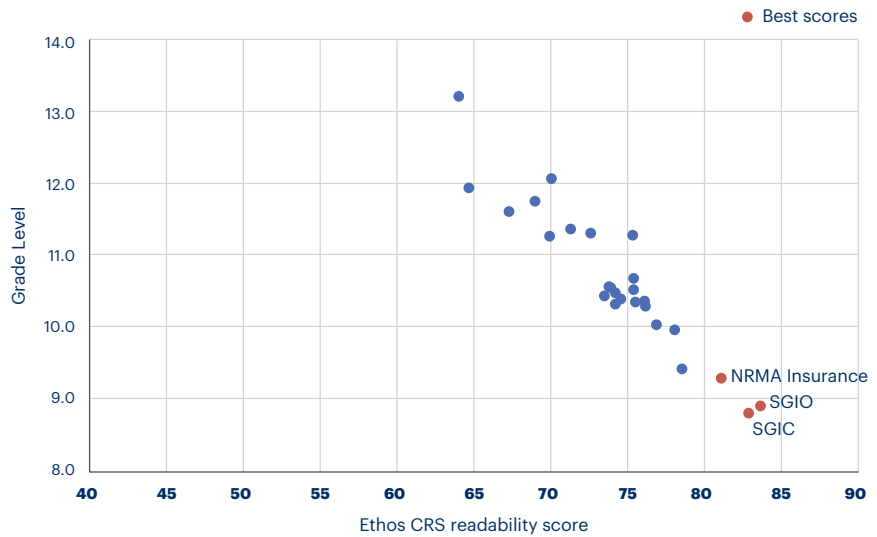
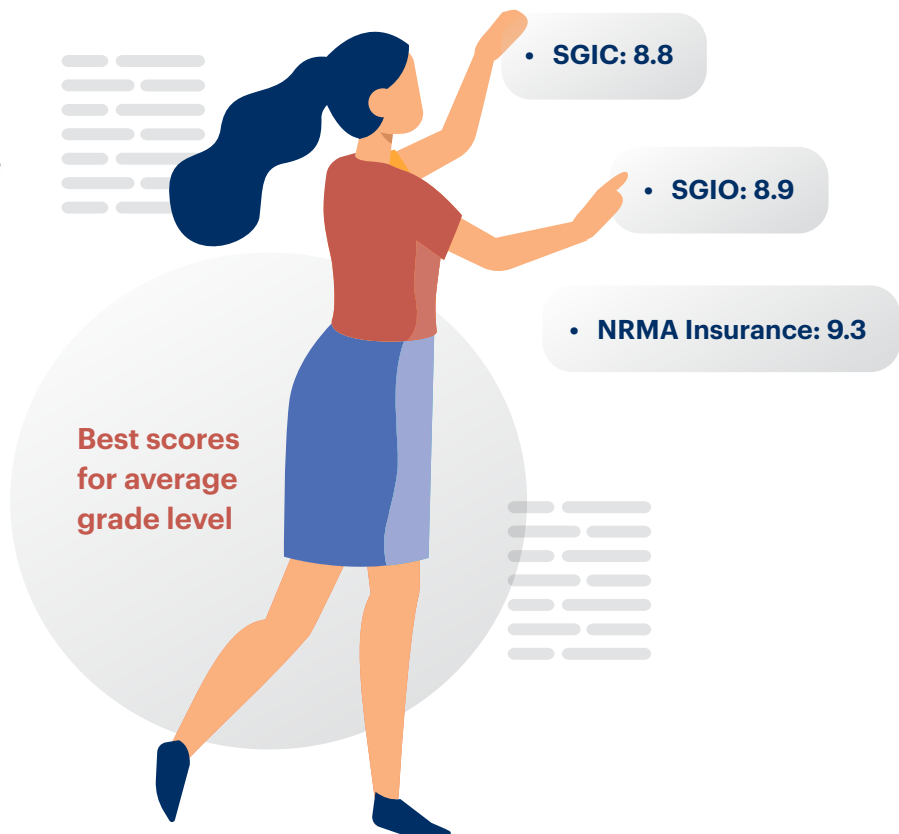


Figure 8: Best scores for average grade level



## CASE STUDY: FREQUENTLY ASKED QUESTIONS

Insurers engage with their customers through their websites. Insurers have invested time and resources to make sure customers can understand content.

Customers might find the content of a PDS difficult to understand or want quick and easy answers about their policy. In this case, they might refer to a frequently asked questions (FAQ) webpage.

We expected that an FAQ page would use plain English and short sentences, generating a much higher readability score. We compared 17 FAQ webpages using the same metrics as for the documents in the main study.

The readability scores for the websites were moderately better than for insurance documents, but only by a small margin.

Table 2 shows all 17 insurers examined in our case study, ranked according to the readability of their webpages.

**Table 2: Insurance companies, ranked for overall readability**

Company	Rank	Readability score
Bingle	1	86.5
Essentials by AAI	2	81.0
RACQ	3	77.6
BestBuy	4	77.3
ING	5	77.0
Ozicare	6	76.4
Youi	7	75.9
Coles	8	75.8
Virgin	9	75.6
Apia	10	75.4
Maxxia	11	74.3
GIO	12	74.3
Qantas	13	74.1
Club Marine	14	72.4
Westpac	15	70.1
Swann	16	69.6
Terri Scheer	17	62.1

Bingle's readability score was 86.5, higher than the top scoring documents in our main survey. The average readability score of all 17 webpages was 75.

On average, FAQ webpages had a grade level of 10.3. The webpages had 19.2% long sentences and 75.1% active voice sentences.

Many FAQ webpages used shorter sentences such as 'Please refer to the PDS'. This sentence is short and easy to read. But it does not provide answers for customers.

FAQ webpages should convey easy to understand answers about complex topics. While FAQ webpages on average scored slightly better results in our metrics, readability and clarity can still improve.

## DISCUSSION



### Insurers using plain English language in their documents will improve their overall readability score

#### Performance against readability benchmarks

##### Active voice

Active voice is easier to understand because the sentence structure supports clear meaning. The sentence structure makes it plain who is responsible for the action.

Active voice formed the basis of 72% of sentences across all 52 documents. Most documents in our analysis fell well below the benchmark of 95%.

Insurers could improve readability by using more active voice in their writing. Using active voice may also make it clearer to customers what their responsibilities are, and what obligations insurers owe to them.

##### Sentence length

Shorter sentences with one main idea are easier to read, while longer sentences cause confusion.

The Australian Government Style Manual recommends writing sentences that have an average of 15 words, but not more than 25 words.

Average sentence length was about 20 words in our analysis of the 52 documents, which falls in the recommended range.

Overall, insurers are achieving the benchmark for average sentence length. This average combines with other metrics to improve the overall readability score.

##### Word complexity

Short and simple words as a substitute for overly complex, verbose language can improve comprehension and readability. A PDS must use legal terminology in some instances but shorter words with fewer syllables can help readers who are not legally trained.

Insurers using plain English language in their documents will improve their overall readability score.

##### Grade level

Ethos CRS generally recommends writing for a year 7 level reading ability or below. The Australian Government Style Manual reflects this standard in its advice on readability, based on the Web Content Accessibility Guidelines.

The 26 companies surveyed averaged a grade level of 10.7 across the 52 documents we analysed.

While this average score is encouraging, the grade level finding tells us insurers can improve their communications with their customers. Insurers can communicate more clearly if they write to a lower secondary education level.



## The communication challenge

In Australia, not all adults are proficient readers or are financially literate. This creates a communication challenge for insurance companies.

Financial choices need to be well informed, yet only 1 in 2 adult Australians are financially literate. More generally, fewer than 1 in 5 Australian adults have advanced reading or numeracy skills.

Therefore, the insurance industry faces a challenge. So do vulnerable members who may experience systemic barriers that undermine their ability to make informed decisions about their financial future.

Most Australians are not legally trained or expert financial analysts. One simple step for insurance companies to overcome the communication challenge is to produce clearer, more readable content.

In addition, consumers must be able to understand the increased risks posed by climate change when buying insurance. Insurers have a responsibility to inform consumers about changes in the risks they face and to make sure that written material is easy to read. The increasing cost of insurance claims after disasters means insurers and consumers share an interest in effective communication and clarity.



## Improving readability: a practical and necessary step

Two benefits flow from improving readability. The first is that customers benefit.

Customers will gravitate to content that is easy to read. When customers can engage with content because it is clear, their confidence increases.

But customers will turn away from content that is frustrating to use or alienating. Content that is difficult to read, uses too much jargon and is complex can deter customers from accessing the financial information they need.

Our document survey did not consider other content insurers share with their customers. Financial service guides, key facts sheets or emails to customers may well generate better readability scores.

The second benefit of improved readability is enjoyed by insurance companies themselves. It comes from increased productivity, efficiency and effectiveness.

Readable documents imply a skilled workforce and a clear writing culture. By producing clear internal documents – like standard operating procedures, corporate policies, business cases, board papers and project plans – insurers can improve the flow of information. This kind of efficiency also minimises the risks of delay and unethical behaviour: it enhances compliance and reduces duplication and repetition of effort.

When internal efficiency improves, so does productivity. A simple focus on readability serves the commercial imperative that internal communications are clear, coherent and compelling.

## RECOMMENDATIONS

### One

#### Adopt the principles of plain language

Insurance industry peak bodies should adopt a plain language standard and urge its uptake by insurers.

### Two

#### Set universal readability standards

Insurers should adopt specific, measurable, achievable and realistic standards to improve the readability of all content they produce and publish. Specifically, insurers should;

- » set and write to a defined grade level
- » write in the active voice
- » use sentences shorter than 25 words – or 2 lines as an easy-to-determine measure
- » use short and simple words.

### Three

#### Apply readability standards to FAQ webpages

Insurers should review and rewrite FAQ webpages to meet readability standards.



Simple changes to the way you write can really improve readability.



## METHOD

### Selection of documents

We selected 52 documents produced by 26 Australian Prudential Regulation Authority (APRA) registered insurers.

We selected insurers based on market share in the Australian home and motor insurance market.

When selecting the product disclosure statements for each insurer, we downloaded PDF files from insurer websites.

Insurers that did not offer both motor and home insurance were excluded from our survey.

### Scrubbing

We converted PDF documents into text-readable files for consistency. In this process, we removed all kinds of formatting, numerals, graphics, footnotes, indexes and tables to ensure that VT Writer only analysed plain text.

We followed the simple definition of a sentence, as written in the *Australian concise Oxford dictionary*. We removed or deleted any text that did not meet this definition.

### Website case study

We selected websites from APRA registered insurers that had a 'frequently asked questions' (FAQ) page. We stripped all formatting from these webpages and analysed the text using VT Writer.

We only tested complete sentences. This means we did not take account of other features that would improve readability, such as use of bulleted lists and headings.

Unlike our document survey, we have included insurers that did not offer both motor and home insurance. Our sole requirement was an FAQ webpage on their website.



## CAVEATS

**The metrics used in the readability scorecard are a useful way to analyse and compare the quality of written communication, but they are a partial and incomplete guide.**

The benchmarks only measure some of the factors that make up clear writing. The scores measure what is easily quantified by VT Writer: sentence length, word length and active voice. The benchmarks don't take into account other elements that affect readability, such as:

- » logical flow and coherence of text
- » complexity of ideas
- » structure
- » structural formatting elements such as line spacing, use of headings, images and other visual aids
- » the varying ways people read digital and print content.

Ethos CRS understands that the scorecard is not a statistical study and the results do not perfectly represent the characteristics of all documents we sampled.

## REFERENCES

- ABS (Australian Bureau of Statistics) (2013) *Programme for the International Assessment of Adult Competencies, Australia* [website], abs.gov.au
- AIHW (Australian Institute of Health and Welfare) (2018) *Housing assistance in Australia* [PDF], aihw.gov.au.
- APRA (Australian Prudential Regulation Authority) (2022) *Register of general insurance* [website], apra.gov.au
- CEDA (Committee for Economic Development of Australia) (2022) *Budget Reset Paper* [PDF], ceda.com.au
- Digital Transformation Agency (2022) *Australian Government Style Manual* [website], stylemanual.gov.au.
- Insurance Council of Australia (2021) *General Insurance Code of Practice* [PDF], insurancecouncil.com.au
- Longo A (2020) *QSuper Board v Australian Financial Complaints Authority* [website], Greenfields Lawyers, greenfieldslawyers.com.au
- Preston A (March 2020) *Financial literacy in Australia: insights from HILDA Data* [PDF], University of Western Australia Public Policy Institute presentation, Perth.
- Russell R, Kutin J, and Marriner T (2020) *Financial capability research in Australia* [PDF], RMIT University report to ASIC, financialcapability.gov.au.
- Senate Standing Committees on Economics (2017) *Australia's general insurance industry* [PDF], aph.gov.au.
- Treasury (2018) *National Financial Capability Strategy at a glance: Australians in control of their financial lives* [PDF], financialcapability.gov.au.
- Treasury (2021) *Financial capability* [website], treasury.gov.au.
- W3C (World Wide Web Consortium) (2022) *Web Content Accessibility Guidelines* [website], w3.org.



## APPENDIX 1

Company	Ethos CRS Readability Score, company	Word complexity	Average sentence length, no of words	Active Voice %	Grade Level
AAMI	76.4	1.53	20.0	74.5	10.3
Allianz	76.3	1.54	20.0	76.2	10.4
Apia	74.8	1.53	20.2	71.8	10.4
Australia Post	75.7	1.54	19.8	75.3	10.3
Auto and General	73.7	1.54	20.0	70.6	10.4
Budget Direct	74.1	1.53	20.6	70.9	10.5
Catch Insurance	74.4	1.55	19.5	71.2	10.3
CGU Insurance	78.3	1.52	19.7	75.2	10.0
Coles	75.6	1.55	19.9	77.3	10.5
CommInsure	64.8	1.62	21.5	65.5	11.9
Elders	70.2	1.56	23.7	71.6	12.1
GIO	77.1	1.53	19.5	74.1	10.0
ING	74.0	1.53	20.8	70.2	10.6
NRMA Insurance	81.3	1.50	18.4	78.1	9.3
Qantas	74.4	1.55	19.9	72.2	10.5
QBE	75.5	1.54	22.2	78.9	11.3
RACQ	75.6	1.55	20.6	77.0	10.7
RACV	78.7	1.52	18.0	75.5	9.4
Real Insurance	71.5	1.55	22.1	70.1	11.4
SGIC	83.1	1.49	17.5	78.4	8.8
SGIO	83.8	1.48	18.0	79.3	8.9
Shannons	70.1	1.56	21.6	67.7	11.3
Vero	72.8	1.55	22.2	72.2	11.3
Westpac	69.2	1.59	22.0	71.8	11.8
WFI	64.2	1.58	26.0	66.4	13.2
Youi	67.5	1.58	22.0	64.4	11.6

## ABOUT US

# ethos<sup>n</sup> crs

Clear writing.  
Effective teams.  
Coherent policy.

**Ethos CRS is Australia's leading firm for advice on clear writing and plain English for government and business.**

Ethos CRS specialises in designing, developing and delivering training and professional development programs. These include virtual and face-to-face workshops, targeted coaching sessions, and modern and accessible eLearning modules.

Over 17 years, Ethos CRS has developed and delivered over 3,000 training programs to more than 90 public sector agencies.

In 2020 the new Australian Government Style Manual was released. In partnership with the Digital Transformation Agency, our expert team of writers and editors rewrote Style Manual for the digital age. Like its predecessors over the past 50 years, Style Manual is the definitive guide on Australian writing style.

To find out more about how we can improve writing skills in your organisation and about our other training programs contact:

**02 6247 2225**

**[service@ethoscrcs.com.au](mailto:service@ethoscrcs.com.au)**

**[www.ethoscrcs.com.au](http://www.ethoscrcs.com.au)**



## VisibleThread is a cutting-edge language analysis platform. By using VisibleThread, government departments and agencies, and private sector corporations, set themselves up to efficiently produce consistent and clear content.

Unclear content undermines the message that organisations are seeking to communicate.

Readers become frustrated because they waste time clarifying points that should be clear in the first place. The risk then is that they lose interest and trust and that they disengage altogether.

VisibleThread's platform is being used by government agencies such as the Australian Taxation Office; the Civil Aviation Safety Authority, the Fair Work Ombudsman; Services Australia; the departments of Education, Skills and Employment; Health; Home Affairs; Industry, Science, Energy and Resources; the Department of the Prime Minister and Cabinet; and the NSW Department of Communities and Justice.

### Lower costs and improve your bottom line

Greater clarity improves the bottom line. A VisibleThread financial services customer changed just 11 customer letters. As a result there were 19% fewer help desk calls – or an annual saving of \$445,000. More importantly, customers didn't require further clarification. Their experience with the organisation remained intact and positive.

### VisibleThread Language Analysis Platform VT Writer

For mission-critical business writing, VT Writer is part of the VisibleThread Language Analysis Platform. It improves the quality of business writing using tried and tested metrics.

Use VT Writer to analyse MS Word documents, PDFs and raw text for plain language and complex, jargon-laden copy.

VT Writer supports teams by allowing them to assess critical documents and text in one click.

- » Writers test and fix their own content for single tone of voice.
- » Editors instantly flag jargon and corporate-speak.
- » Managers analyse both offline and online content, letters, disclosure statements, directives and blog copy.
- » Subject-matter experts communicate their technical knowledge in easy-to-understand language.
- » Managers have visibility of teams' and individuals' performance, permitting continuous improvement in business writing across an agency.

To find out more, contact:

Brian O'Doherty  
Regional Director



**Phone: +61 413 592154**

**brian.odoherty@VisibleThread.com**

**www.VisibleThread.com**

The background is a solid blue color with a series of overlapping, wavy, and flowing lines in various shades of blue, creating a sense of movement and depth. The lines are most prominent in the upper half of the image and fade into the background towards the bottom.

Improving readability  
makes organisations more  
effective and saves them  
time and resources.



ethos<sup>η</sup> crs