

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 631
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HOUSE PRINCIPAL CLERK

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HOUSE DRH30227-MD-88 (03/23)

Short Title: Notice Before Automatic Contract Renewal. (Public)

Sponsors: Representative Jackson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE WRITTEN NOTICE OF AUTOMATIC CONTRACT RENEWAL
3 FIFTEEN TO THIRTY DAYS PRIOR TO THE AUTOMATIC RENEWAL.
4 The General Assembly of North Carolina enacts:
5 SECTION 1. G.S. 75-41 reads as rewritten:
6 "§ 75-41. **Contracts with automatic renewal clauses.**
7 (a) Any person, firm, or corporation engaged in commerce that sells, leases, or offers to
8 sell or lease, any products or services to a consumer pursuant to a contract, where the contract
9 automatically renews unless the consumer cancels the contract, shall disclose the automatic
10 renewal clause clearly and conspicuously in the contract or contract offer.
11 (b) Any person, firm, or corporation engaged in commerce that sells, leases, or offers to
12 sell or lease, any products or services to a consumer pursuant to a contract, where the contract
13 automatically renews unless the consumer cancels the contract, shall disclose clearly and
14 conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery
15 of products or services.
16 (b1) In addition to the requirements of subsections (a) and (a1) of this section, an
17 automatic renewal shall be unenforceable unless no less than 15 days nor more than 30 days
18 prior to the automatic renewal the person, firm, or corporation providing the products or
19 services provides written notice to the person receiving the products or services that the
20 contract will automatically renew unless the person cancels the contract.
21 (c) A person, firm, or corporation that fails to comply with the requirements of this
22 section is in violation of this section unless the person, firm, or corporation demonstrates that
23 all of the following are its routine business practice:
24 (1) It has established and implemented written procedures to comply with this
25 section and enforces compliance with the procedures.
26 (2) Any failure to comply with this section is the result of error.
27 (3) Where an error has caused the failure to comply with this section, it provides
28 a full refund or credit for all amounts billed to or paid by the consumer from
29 the date of the renewal until the date of the termination of the contract, or the
30 date of the subsequent notice of renewal, whichever occurs first.
31 (d) This section does not apply to insurers licensed under Chapter 58 of the General
32 Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit
33 unions licensed or organized under the laws of any state or the United States, or any foreign
34 bank maintaining a branch or agency licensed under the laws of the United States, or any
35 subsidiary or affiliate thereof.



1 (e) A violation of this section renders the automatic renewal clause void and
2 unenforceable."

3 **SECTION 2.** This act is effective when it becomes law and applies to contracts
4 entered into on or after that date.