

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40305-MQ-114

Short Title: Automatic Renewal of Contracts.

(Public)

Sponsors: Representative Stevens.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE CERTAIN DISCLOSURES AND NOTICES TO CONSUMERS AND
3 TO PROVIDE FOR ADDITIONAL OPTIONS TO OPT OUT OF CERTAIN
4 AUTOMATICALLY RENEWING CONSUMER CONTRACTS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 75-41 reads as rewritten:

7 "§ 75-41. **Contracts with automatic renewal clauses.**

8 (a) Any person engaged in commerce that sells, leases, or offers to sell or lease, any
9 products or services to a consumer pursuant to a contract, where the contract automatically
10 renews unless the consumer cancels the contract, shall do all of the following:

11 (1) ~~Disclose the automatic renewal clause clearly and conspicuously in the~~
12 ~~contract or contract offer.~~Provide a separate disclosure statement that clearly
13 and conspicuously, in at least 12-point type and in bold print, provides notice
14 of all of the following:

15 a. That the contract will be automatically renewed if the consumer signs
16 the contract and the disclosure statement.

17 b. That, if the consumer does not sign the contract and disclosure
18 statement, the contract will not be automatically renewed, but that a
19 notice of termination of contract will be provided to the consumer at
20 least 60 days prior to the contract termination date.

21 c. The length of the initial term of the contract and the length of each
22 renewal period under the contract.

23 d. The amount to be charged to the consumer for the initial term of the
24 contract and the amount to be charged to the consumer for any renewal
25 periods.

26 e. If any terms of the contract will change upon contract renewal, a list
27 and explanation of those terms.

28 f. An electronic mail address, mailing address, and a toll-free telephone
29 number that the consumer may use to terminate the automatic renewal.

30 (2) ~~Disclose clearly and conspicuously how to cancel the contract in the initial~~
31 ~~contract, contract offer, or with delivery of products or services.~~

32 (3)(2) For any automatic renewal exceeding 60 days, provide written notice to the
33 consumer by personal delivery, electronic mail, or first-class mail, at least 15
34 days but no earlier than 45 days before the date the contract is to be
35 automatically renewed, stating the date on which the contract is scheduled to



- 1 automatically renew and notifying the consumer that the contract will
2 automatically renew unless it is cancelled by the consumer prior to that date.
- 3 ~~(4) If the terms of the contract will change upon the automatic renewal of the~~
4 ~~contract, disclose the changing terms of the contract clearly and conspicuously~~
5 ~~on the notification in at least 12 point type and in bold print.~~
- 6 (3) If a consumer does not sign the disclosure statement, send a notice to the
7 consumer that provides (i) the date that the contract is scheduled to terminate
8 and (ii) the renewal options available to the consumer. A notice provided to a
9 consumer pursuant to this subdivision shall be sent at least 60 days prior to
10 the contract termination date by personal delivery, electronic mail, or
11 first-class mail.
- 12 (4) If the consumer cancels the automatic renewal in accordance with this section,
13 provide a written confirmation and notice of termination of the automatic
14 renewal within 30 days of receipt of cancellation.
- 15 (b) Repealed by Session Laws 2016-113, s. 16(a), effective July 26, 2016, and applicable
16 to contracts entered into on or after that date.
- 17 (b1) A person subject to this section may not (i) automatically renew a contract, (ii) charge
18 a consumer a higher fee or contract amount, or (iii) otherwise penalize a consumer if the
19 consumer does not sign a disclosure statement. A person shall terminate the automatic renewal
20 provision of a contract within 30 days of receipt of a notice from a consumer that the consumer
21 has permanently relocated to a hospital, nursing home, or assisted living facility.
- 22 (c) A person that fails to comply with the requirements of this section is in violation of
23 this section unless the person demonstrates that all of the following are its routine business
24 practice:
- 25 (1) The person has established and implemented written procedures to comply
26 with this section and enforces compliance with the procedures.
- 27 (2) Any failure to comply with this section is the result of error.
- 28 (3) Where an error has caused the failure to comply with this section, the person
29 provides a full refund or credit for all amounts billed to or paid by the
30 consumer from the date of the renewal until the date of the termination of the
31 contract, or the date of the subsequent notice of renewal, whichever occurs
32 first.
- 33 (d) This section does not apply to insurers licensed under Chapter 58 of the General
34 Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit
35 unions licensed or organized under the laws of any state or the United States, or any foreign bank
36 maintaining a branch or agency licensed under the laws of the United States, or any subsidiary
37 or affiliate thereof, nor does this section apply to any entity subject to regulation by the Federal
38 Communications Commission under Title 47 of the United States Code or by the North Carolina
39 Utilities Commission under Chapter 62 of the General Statutes, or to any entity doing business
40 directly or through an affiliate pursuant to a franchise, license, certificate, or other authorization
41 issued by a political subdivision of the State or an agency thereof.
- 42 (d1) This section does not apply to real estate professionals licensed under Chapter 93A
43 of the General Statutes.
- 44 (e) A violation of this section renders the automatic renewal clause void and
45 unenforceable."
- 46 **SECTION 2.** This act is effective January 1, 2020, and applies to contracts entered
47 into on or after that date.