GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

HOUSE BILL 103

Committee Substitute Favorable 3/24/21
Committee Substitute #2 Favorable 4/27/21

Short Title: Automatic Renewal of Contracts. (Public)

Sponsors:

Referred to:

February 19, 2021

A BILL TO BE ENTITLED

AN ACT TO AMEND THE REQUIREMENTS FOR CERTAIN AUTOMATICALLY RENEWING CONSUMER CONTRACTS.

The General Assembly of North Carolina enacts:

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

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

(a) Any person engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract ~~where the contract automatically renews unless the consumer cancels the contract,~~ that contains an automatic renewal provision for a term of more than one month shall do all of the following:

(1) ~~Disclose the automatic renewal clause clearly and conspicuously in the contract or contract offer.~~Provide a disclosure statement that clearly and conspicuously provides notice of all of the following:

a. That the contract will be automatically renewed if the consumer agrees to the contract.

b. The length of the initial term of the contract and the length of each renewal period under the contract.

c. The amount to be charged to the consumer for the initial term of the contract and the amount to be charged to the consumer for any renewal periods, if known.

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

e. An electronic mail address, mailing address, toll-free telephone number, or another cost-effective, timely, and easy-to-use mechanism that the consumer may use to terminate the automatic renewal. A consumer who enters into a contract online shall be permitted to cancel the contract online.

(1a) Obtain the consumer's affirmative consent before charging the consumer for an automatic renewal.

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

(3) For any automatic renewal ~~exceeding 60 days,~~ of six months or more, provide ~~written~~ notice to the consumer by personal delivery, electronic mail, ~~or~~ first-class mail, or any other form of notice agreed to by the consumer, at least 15 days but no earlier than ~~45~~ 60 days before the date the contract is to be

automatically renewed, stating the date on which the contract is scheduled to automatically renew and notifying the consumer that the contract will automatically renew unless it is cancelled by the consumer prior to that date.

~~(4) If the terms of the contract will change upon the automatic renewal of the contract, disclose the changing terms of the contract clearly and conspicuously on the notification in at least 12 point type and in bold print.~~"

…

(d) This section does not apply to insurers licensed under Chapter 58 of the General Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit unions licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or affiliate thereof, nor does this section apply to any entity subject to regulation by the Federal Communications Commission under Title 47 of the United States Code or by the North Carolina Utilities Commission under Chapter 62 of the General Statutes, or to any entity doing business directly or through an affiliate pursuant to a franchise, license, certificate, or other authorization issued by a political subdivision of the State or an agency thereof.

…

(f) For purposes of this section, the term "automatic renewal provision" means a provision under which a contract is automatically renewed at the end of a definite term for a subsequent term of more than one month. Such renewal is effective unless the consumer gives notice to the seller of the consumer's intention to terminate the contract."

SECTION 2. This act becomes effective January 1, 2022, and applies to contracts entered into on or after that date.