

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 103
Committee Substitute Favorable 3/24/21

Short Title: Automatic Renewal of Contracts.

(Public)

Sponsors:

Referred to:

February 19, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE REQUIREMENTS FOR CERTAIN AUTOMATICALLY
3 RENEWING CONSUMER CONTRACTS.

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 engaged in commerce that sells, leases, or offers to sell or lease, any
8 products or services to a consumer pursuant to a contract ~~where the contract automatically renews~~
9 ~~unless the consumer cancels the contract,~~ that contains an automatic renewal provision for a term
10 of more than one month 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 disclosure statement that clearly and
13 conspicuously provides notice of all of the following:

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

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

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

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

23 e. An electronic mail address, mailing address, toll-free telephone
24 number, or another cost-effective, timely, and easy-to-use mechanism
25 that the consumer may use to terminate the automatic renewal.

26 (1a) Obtain the consumer's affirmative consent before charging the consumer for
27 an automatic renewal.

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

30 (3) ~~For any automatic renewal exceeding 60 days, of six months or more, provide~~
31 ~~written~~ notice to the consumer by personal delivery, electronic mail, or
32 first-class mail, or any other form of notice agreed to by the consumer, at least
33 15 days but no earlier than 45-60 days before the date the contract is to be
34 automatically renewed, stating the date on which the contract is scheduled to
35 automatically renew and notifying the consumer that the contract will
36 automatically renew unless it is cancelled by the consumer prior to that date.



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

4 ...

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

14 ...

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

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