

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1219

Short Title: No Automatic Contract Renewals. (Public)

Sponsors: Representative Allred.

Referred to: Commerce, Small Business, and Entrepreneurship, if favorable, Judiciary II.

April 8, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROHIBIT AUTOMATIC CONTRACT RENEWALS IN CONSUMER OR  
3 BUSINESS 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~~A person, firm, or corporation engaged in commerce that sells, leases, or offers  
8 to sell or lease, any products or services to a consumer or business pursuant to a contract, ~~where~~  
9 ~~the contract automatically renews unless the consumer cancels the contract, shall disclose the~~  
10 ~~automatic renewal clause clearly and conspicuously in the contract or contract offer.~~contract  
11 shall not include in such a contract any term that has the effect of causing the contract to be  
12 automatically renewed at the expiration of the contract's term.

13 (b) ~~Any person, firm, or corporation engaged in commerce that sells, leases, or offers to~~  
14 ~~sell or lease, any products or services to a consumer pursuant to a contract, where the contract~~  
15 ~~automatically renews unless the consumer cancels the contract, shall disclose clearly and~~  
16 ~~conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery~~  
17 ~~of products or services.~~

18 (c) ~~A person, firm, or corporation that fails to comply with the requirements of this~~  
19 ~~section is in violation of this section unless the person, firm, or corporation demonstrates that~~  
20 ~~all of the following are its routine business practice:~~

21 (1) ~~It has established and implemented written procedures to comply with this~~  
22 ~~section and enforces compliance with the procedures.~~

23 (2) ~~Any failure to comply with this section is the result of error.~~

24 (3) ~~Where an error has caused the failure to comply with this section, it provides~~  
25 ~~a full refund or credit for all amounts billed to or paid by the consumer from~~  
26 ~~the date of the renewal until the date of the termination of the contract, or the~~  
27 ~~date of the subsequent notice of renewal, whichever occurs first.~~

28 (d) This section does not apply to insurers licensed under Chapter 58 of the General  
29 Statutes, or to banks, trust companies, credit card companies, savings and loan associations,  
30 savings banks, or credit unions licensed or organized under the laws of any state or the United  
31 States, or any foreign bank maintaining a branch or agency licensed under the laws of the  
32 United States, or any subsidiary or affiliate thereof.

33 (e) A violation of this section renders the automatic renewal clause void and  
34 ~~unenforceable.~~unenforceable and is an unfair and deceptive trade practice under G.S. 75-1.1."

35 **SECTION 2.** This act is effective when it becomes law and applies to all contracts  
36 regardless of when they are entered into.

