A BILL TO BE ENTITLED
AN ACT TO REQUIRE CERTAIN DISCLOSURES AND NOTICES TO CONSUMERS AND
TO PROVIDE FOR ADDITIONAL OPTIONS TO OPT OUT OF 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, shall do all of the following:

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

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

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

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

d. 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.

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

f. An electronic mail address, mailing address, and a toll-free telephone
number that the consumer may use to terminate the 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)(2) For any automatic renewal exceeding 60 days, provide written notice to the
consumer by personal delivery, electronic mail, or first-class mail, at least 15
days but no earlier than 45 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.

(3) If a consumer does not sign the disclosure statement, send a notice to the consumer that provides (i) the date that the contract is scheduled to terminate and (ii) the renewal options available to the consumer. A notice provided to a consumer pursuant to this subdivision shall be sent at least 60 days prior to the contract termination date by personal delivery, electronic mail, or first-class mail.

(4) If the consumer cancels the automatic renewal in accordance with this section, provide a written confirmation and notice of termination of the automatic renewal within 30 days of receipt of cancellation.

(b) Repealed by Session Laws 2016-113, s. 16(a), effective July 26, 2016, and applicable to contracts entered into on or after that date.

(b1) A person subject to this section may not (i) automatically renew a contract, (ii) charge a consumer a higher fee or contract amount, or (iii) otherwise penalize a consumer if the consumer does not sign a disclosure statement. A person shall terminate the automatic renewal provision of a contract within 30 days of receipt of a notice from a consumer that the consumer has permanently relocated to a hospital, nursing home, or assisted living facility.

(c) A person that fails to comply with the requirements of this section is in violation of this section unless the person demonstrates that all of the following are its routine business practice:

(1) The person has established and implemented written procedures to comply with this section and enforces compliance with the procedures.

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

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

(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.

(d1) This section does not apply to real estate professionals licensed under Chapter 93A of the General Statutes.

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

SECTION 2. This act is effective January 1, 2020, and applies to contracts entered into on or after that date.