
A BILL FOR AN ACT

RELATING TO CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 490, Hawaii Revised Statutes, is
2 amended by adding a new section to article 2, part 3 to be
3 appropriately designated and to read as follows:
4 "§490:2- Automatic renewal clauses. (a) Any person,
5 firm, or corporation engaged in commerce that sells, leases, or
6 offers to sell or lease any products or services to a consumer
7 pursuant to a contract, when the contract automatically renews
8 unless the consumer cancels the contract, shall disclose the
9 automatic renewal clause and how to cancel the contract clearly
10 and conspicuously in the initial contract or contract offer.
11 (b) A person, firm, or corporation that fails to comply
12 with the requirements of this section shall be in violation of
13 this section unless the person, firm, or corporation
14 demonstrates that:
15 (1) It has established and implemented written procedures
16 to comply with this section and enforces compliance
17 with the procedures; and



1 (2) Any failure to comply with this section is the result
2 of an error and that when an error has caused the
3 failure to comply with this section, as a matter of
4 routine business practice, it provides a full refund
5 or credit for all amounts billed to or paid by the
6 consumer from the date of the renewal until the date
7 of the termination of the contract, or the date of the
8 subsequent notice of renewal, whichever occurs
9 earlier.

10 (c) This section shall not apply to the following:

11 (1) Banks, trust companies, savings and loan associations,
12 savings banks, credit unions, finance or credit
13 companies, industrial loan companies, or any other
14 financial institution licensed or organized under the
15 laws of any state or the United States, or any foreign
16 bank maintaining a branch or agency licensed under the
17 laws of the United States, or any subsidiary or
18 affiliate thereof;

19 (2) Insurers licensed under chapter 431, Hawaii Revised
20 Statutes; and



Report Title:

Contracts; Automatic Renewal Clauses

Description:

Requires clear and conspicuous language disclosing any automatic renewal clauses and language explaining how to cancel the contract in all commercial contracts and offers where the contract automatically renews.

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