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# A BILL FOR AN ACT

RELATING TO CONTRACTS.

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

1           SECTION 1. Chapter 481, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:

4           "§481-       Automatic renewal clauses. (a) Any person who  
5 sells or offers to sell any products or services to a consumer  
6 pursuant to a consumer contract that has a specified term of  
7 more than one month and an automatic renewal clause under which  
8 the contract will automatically renew for a specified term of  
9 more than one month unless the consumer cancels the contract,  
10 shall disclose the automatic renewal clause and the procedure by  
11 which the consumer can cancel automatic renewal of the consumer  
12 contract clearly and conspicuously in the consumer contract.

13           (b) Any person who sells or offers to sell any products or  
14 services to a consumer pursuant to a consumer contract that has  
15 a specified contract term of twelve months or more, under which  
16 the contract will automatically renew for a specified term of  
17 more than one month unless the consumer cancels the consumer  
18 contract, shall notify the consumer clearly and conspicuously:



- 1        (1) That the consumer contract will automatically renew
- 2                unless the consumer cancels the contract;
- 3        (2) How to cancel the contract; and
- 4        (3) The deadline by which the consumer shall respond to
- 5                cancel the consumer contract and prevent automatic
- 6                renewal.

7 The notice provided to the consumer under this subsection shall  
8 be sent to the consumer no less than thirty days and no more  
9 than sixty days before the date upon which the consumer shall  
10 respond under paragraph (3).

11        (c) The notice to the consumer required by this section  
12 may be provided electronically if the:

- 13        (1) Transaction for sale of products or services was
- 14                conducted electronically at the election of the
- 15                consumer and in compliance with the requirements of
- 16                chapter 489E, the uniform electronic transactions act;
- 17                or
- 18        (2) Consumer elects to receive electronic communications
- 19                and provides a valid electronic-mail address for the
- 20                purpose of receiving the notice required by this
- 21                section.



1        (d) Any person who knowingly violates this section or who  
2 knowingly fails to cancel an automatic renewal contract upon  
3 consumer request shall be deemed to have engaged in an unfair  
4 method of competition and unfair or deceptive act or practice in  
5 the conduct of any trade or commerce within the meaning of  
6 section 480-2.

7        (e) This section shall not apply to any:

- 8        (1) Financial institution subject to chapter 412 to the  
9 extent that the financial institution is engaged in  
10 activities regulated pursuant to chapter 412; and  
11        (2) Insurer subject to chapter 431, 432, or 432D to the  
12 extent that the insurer is engaged in activities  
13 regulated pursuant to those chapters.

14        (f) For purposes of this section:

15        "Clearly and conspicuously" means in larger type than the  
16 surrounding text; in contrasting type, font, or color to the  
17 surrounding text of the same size; or set off from the  
18 surrounding text of the same size by symbols or other marks in a  
19 manner that clearly calls attention to the language. In the  
20 case of an audio disclosure, "clear and conspicuous" and  
21 "clearly and conspicuously" mean in a volume and cadence  
22 sufficient to be readily audible and understandable.



1        "Consumer" shall have the same meaning as in section  
2        480-1."

3        SECTION 2. This Act does not affect rights and duties that  
4        matured, penalties that were incurred, and proceedings that were  
5        begun before its effective date.

6        SECTION 3. New statutory material is underscored.

7        SECTION 4. This Act shall take effect upon its approval;  
8        provided that section 1 shall take effect on July 1, 2012.



**Report Title:**

Contracts; Automatic Renewal Clauses

**Description:**

Requires clear and conspicuous disclosure of automatic renewal clauses and cancellation procedures for all consumer contracts and offers with an automatic renewal provision and additional disclosure for contracts with a specified term of twelve months or more; provides exemptions. (HB663 CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

