
A BILL FOR AN ACT

RELATING TO AUTOMATIC RENEWALS.

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

1 SECTION 1. Section 481-9.5, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (a) to read:

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

13 2. By amending subsection (h) to read:

14 "(h) In the case of a material change in the terms of the
15 automatic renewal or continuous service offer pursuant to a
16 consumer contract that has been accepted by a consumer in
17 Hawaii, the person shall clearly and conspicuously provide the



1 consumer with a notice of the material change and provide
2 information regarding how to cancel in a manner that is capable
3 of being retained by the consumer prior to the implementation of
4 the material change. The notice provided to the consumer under
5 this subsection shall be sent to the consumer no less than
6 thirty days before the effective date of any material change."

7 3. By amending subsections (j) and (k) to read:

8 "(j) This section shall not apply to any:

9 (1) Financial institution subject to chapter 412 to the
10 extent that the financial institution is engaged in
11 activities regulated pursuant to chapter 412;

12 (2) Insurer subject to chapter 431, 432, or 432D to the
13 extent that the insurer is engaged in activities
14 regulated pursuant to those chapters~~[7]~~ or any
15 affiliate of the insurer;

16 (3) Entity regulated by the insurance division pursuant to
17 chapter 481X or any affiliate of the entity;

18 ~~[(3)]~~ (4) Telecommunications provider subject to chapter
19 269; and

20 ~~[(4)]~~ (5) Cable operator subject to chapter 440G to the
21 extent that the provider is engaged in activities



1 regulated pursuant to chapter 440G or the Federal
2 Communications Commission.

3 (k) For purposes of this section:

4 "Automatic renewal" means a plan or arrangement in which a
5 paid subscription or purchasing agreement with a term of [~~more~~
6 ~~than~~] one month or more is automatically renewed at the end of a
7 definite term for a specified term of [~~more than~~] one month[-]
8 or more.

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

17 "Consumer" [~~shall have~~] has the same meaning as in section
18 480-1.

19 "Continuous service" means a plan or arrangement in which a
20 paid subscription or purchasing agreement continues until the
21 consumer cancels the service."



1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on July 1, 3000.



Report Title:

Contracts for Products or Services; Automatic Renewal Clause

Description:

Expands the law governing automatic renewal clauses to contracts with specified terms of one month or more and that renew for specified terms of one month or more. Requires that a notice of any material change be sent to the consumer no less than thirty days before the effective date of any material change. Exempts affiliates of insurers, providers of service contracts, and affiliates of those providers from the law governing automatic renewal clauses and continuous service clauses. Effective 7/1/3000. (HD1)

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