

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 188
Committee Substitute Favorable 3/11/25
PROPOSED COMMITTEE SUBSTITUTE H188-PCS10462-CI-10

Short Title: Automatic Renewal of Contracts.

(Public)

Sponsors:

Referred to:

February 26, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE REQUIREMENTS FOR CERTAIN AUTOMATICALLY
3 RENEWING CONSUMER 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 person engaged in commerce that sells, leases, or offers to sell or lease, any
8 products or services to a consumer pursuant to a contract ~~where the contract automatically renews~~
9 ~~unless the consumer cancels the contract,~~ that contains an automatic renewal provision for a term
10 of more than one month shall do all of the following:

11 (1) ~~Disclose the automatic renewal clause clearly and conspicuously in the~~
12 ~~contract or contract offer.~~ Provide a disclosure statement that provides notice
13 of all of the following clearly and conspicuously:

- 14 a. That the contract will be automatically renewed unless the consumer
15 gives notice to the person of the consumer's intention to terminate the
16 contract prior to the renewal date.
17 b. The length of the initial term of the contract and the length of each
18 renewal period under the contract.
19 c. The amount to be charged to the consumer for the initial term of the
20 contract and the amount to be charged to the consumer for any renewal
21 periods, if known.
22 d. If any terms of the contract will change upon contract renewal, a list
23 and explanation of those terms.
24 e. An electronic mail address, mailing address, toll-free telephone
25 number, or another cost-effective, timely, and easy-to-use mechanism
26 that the consumer may use to terminate the automatic renewal. A
27 consumer who enters into a contract online shall be permitted to cancel
28 the contract online.

29 (1a) The disclosure statement required by subdivision (1) of this subsection must
30 meet the following requirements:

- 31 a. If written, the required disclosure language must differ from the
32 surrounding contract terms in one or more of the following ways:
33 1. The font must be larger.
34 2. The font must be a different font.
35 3. The font must be a different color.



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- 1 4. The disclosure language must be offset by symbols or other
- 2 marks in a manner that clearly calls attention to the language.
- 3 5. In no event may the font for the required disclosure be smaller
- 4 than the surrounding contract terms.
- 5 b. If audio, the required disclosure statements must be made in a volume
- 6 and cadence sufficient to be readily audible and understandable to the
- 7 consumer.
- 8 (1b) Impose no charge for an automatic renewal if the consumer did not give
- 9 consent to the agreement including the automatic renewal provision.
- 10 (2) ~~Disclose clearly and conspicuously how to cancel the contract in the initial~~
- 11 ~~contract, contract offer, or with delivery of products or services.~~
- 12 (3) For any automatic renewal ~~exceeding 60 days, of six months or more,~~ provide
- 13 ~~written~~ notice to the consumer by personal delivery, electronic mail, ~~or~~
- 14 first-class mail, or any other form of notice customarily used to communicate
- 15 with the consumer, at least 15 days but no earlier than ~~45-60~~ days before the
- 16 date the contract is to be automatically renewed, stating the date on which the
- 17 contract is scheduled to automatically renew and notifying the consumer that
- 18 the contract will automatically renew unless it is cancelled by the consumer
- 19 prior to that date.
- 20 (4) ~~If the terms of the contract will change upon the automatic renewal of the~~
- 21 ~~contract, disclose the changing terms of the contract clearly and conspicuously~~
- 22 ~~on the notification in at least 12 point type and in bold print.~~
- 23 ...
- 24 (d) This section does not apply to ~~insurers licensed under Chapter 58 of the General~~
- 25 ~~Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit~~
- 26 ~~unions licensed or organized under the laws of any state or the United States, or any foreign bank~~
- 27 ~~maintaining a branch or agency licensed under the laws of the United States, or any subsidiary~~
- 28 ~~or affiliate thereof, nor does this section apply to any entity subject to regulation by the Federal~~
- 29 ~~Communications Commission under Title 47 of the United States Code or by the North Carolina~~
- 30 ~~Utilities Commission under Chapter 62 of the General Statutes, or to any entity doing business~~
- 31 ~~directly or through an affiliate pursuant to a franchise, license, certificate, or other authorization~~
- 32 ~~issued by a political subdivision of the State or an agency thereof.~~Code.
- 33 ...
- 34 (f) For purposes of this section, the term "automatic renewal provision" means a
- 35 provision under which a contract is automatically renewed at the end of a definite term for a
- 36 subsequent term of more than one month unless the consumer gives notice to the person of the
- 37 consumer's intention to terminate the contract."
- 38 **SECTION 2.** This act becomes effective January 1, 2026, and applies to contracts
- 39 entered into on or after that date.