



HOUSE BILL 188: Automatic Renewal of Contracts.

2025-2026 General Assembly

Committee: House Judiciary 2. If favorable, re-refer to State and Local Government. If favorable, re-refer to Commerce and Economic Development. If favorable, re-refer to Rules, Calendar, and Operations of the House

Date: March 7, 2025

Introduced by: Reps. Stevens, Kidwell

Prepared by: Debbie Griffiths

Analysis of: PCS to First Edition
H188-CSCI-5

Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) to House Bill 188 would amend G.S. 75-41(Contracts with automatic renewal clauses) as follows:*

- *Limit the requirements of the statute to contracts with automatic renewal provisions of more than one month.*
- *Require a disclosure statement to be clear, conspicuous, in bold print, and at least 12-point font.*
- *Prohibit charges arising from an automatic renewal if the consumer did not initial the automatic renewal provision.*
- *When the automatic renewal period is 6 months or more, require notice to the consumer no less than 15 days or more than 60 days before the automatic renewal date stating the automatic renewal date and that the contract automatically renews unless the consumer provides notice of termination.*
- *Remove exemptions for N.C. licensed insurers, various financial institutions, entities regulated by the FCC or the N.C. Utilities Commission, and certain entities doing business with political subdivisions or agencies of the State.*

CURRENT LAW: G.S. 75-41 applies to all consumer contracts related to products or services with automatic renewal clauses unless the consumer cancels the contract and requires the person to:

- Disclose the automatic renewal clause and how to cancel clearly and conspicuously in the contract.
- Provide the consumer written notice, between 15 and 45 days prior to the renewal date, of the automatic renewal date and that the contract will automatically renew if the consumer does not cancel when the automatic renewal is more than 60 days.
- Provide any change in terms on renewal in at least 12-point font in bold print.

A person failing to comply with these requirements is in violation of the statute unless certain conditions are met. A violation of the statute renders the automatic renewal clause void and unenforceable.

N.C. licensed insurers, various financial institutions, entities subject to regulation by the FCC or the N.C. Utilities Commission, certain entities doing business directly or through an affiliate with a political

Kara McCraw
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Legislative Analysis
Division
919-733-2578

House 188 PCS

Page 2

subdivision or agency of the State, and N.C. licensed real estate professionals are exempted from the requirements of this section.

BILL ANALYSIS: The PCS to House Bill 188 would amend G.S. 75-41 as follows:

- Limit the requirements of the statute to contracts with automatic renewal provisions of more than one month.
- Require the following disclosures to be in bold print and at least 12-point font:
 - That the contract renews automatically unless the consumer provides notice of termination prior to the renewal. The consumer must initial this provision in a space provided.
 - The initial term length and the subsequent term lengths.
 - The amount being charged for the initial term and, if known, the amount to be charged for subsequent terms.
 - A list of any terms that will change upon renewal.
 - A cost-effective, timely, and easy to use method to cancel. If the contract is entered online, online cancellation must be permitted.
- Prohibit automatic renewal charges if the consumer does not initial as required above.
- When the automatic renewal period is 6 months or more, require notice to the consumer no less than 15 days or more than 60 days before the automatic renewal date stating the automatic renewal date and that the contract automatically renews unless the consumer provides notice of termination.
- Remove exemptions for N.C. licensed insurers, various financial institutions, entities regulated by the FCC or the N.C. Utilities Commission, and certain entities doing business with political subdivisions or agencies of the State.
- Define "automatic renewal provision" as a provision under which a contract is automatically renewed at the end of a definite term for a subsequent term of more than one month unless the consumer gives notice to the seller of the consumer's intent to terminate.

EFFECTIVE DATE: This act would become effective on January 1, 2026, and apply to contracts entered on or after that date.