



# HOUSE BILL 188: Automatic Renewal of Contracts.

2025-2026 General Assembly

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<b>Committee:</b>	House Judiciary 2, if favorable, House Rules, Calendar, and Operations of the House	<b>Date:</b>	May 6, 2025
<b>Introduced by:</b>	Reps. Stevens, Kidwell	<b>Prepared by:</b>	Debbie Griffiths*
<b>Analysis of:</b>	PCS to Third Edition H188-CSCI-30		Staff Attorney

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**OVERVIEW:** *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 clearly and conspicuously provide notice.*
- *Require the language in a written disclosure statement to differ from the surrounding contract terms.*
- *Require a verbal disclosure statement be made in a volume and cadence sufficient to be readily audible and understandable to the consumer.*
- *Prohibit automatic renewal charges if the consumer does not provide consent.*
- *Provide that if a contract automatically renews for a term of six months or more, the consumer must be notified, not sooner than 15 days and not later than 60 days before the date of automatic renewal, that the contract will renew on that date unless it is canceled before then.*
- *Remove exemptions for insurers licensed under Chapter 58 of the General Statutes, various financial institutions, entities regulated by the North Carolina Utilities Commission, and certain entities doing business with political subdivisions or agencies of the State.*
- *The Proposed Committee Substitute (PCS) would return financial institutions to exempt status.*

**CURRENT LAW:** G.S. 75-41 requires a person who sells, leases, or offers to sell or lease any goods or services to a consumer under a contract containing an automatic renewal clause to clearly and conspicuously disclose: 1) the automatic renewal clause; 2) any contract terms that will change upon renewal; and 3) how to cancel the contract. If a contract will automatically renew for a term exceeding 60 days, the consumer must be notified, not sooner than 15 days and not later than 45 days before the date of the automatic renewal, that the contract will automatically renew on that date unless it is canceled before then. A violation of any of these requirements renders the automatic renewal clause void and unenforceable. Insurers licensed under Chapter 58 of the General Statutes, various financial institutions, entities subject to regulation by the FCC or the North Carolina Utilities Commission, certain entities doing business directly or through an affiliate with a political subdivision or agency of the State, and real estate professionals licensed under Chapter 93A are exempted from the requirements of this section.

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# House 188 PCS

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**BILL ANALYSIS:** 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 that the consumer be provided with a disclosure statement clearly and conspicuously providing notice of all of the following:
  - That the contract renews automatically unless the consumer provides notice of termination prior to the renewal.
  - 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.
- Require that the language in a written disclosure statement differ from the surrounding contract terms in one or more of the following ways:
  - The font must be larger.
  - The font must be a different font.
  - The font must be a different color.
  - The language must be offset by symbols or other marks in a manner that clearly calls attention to that language.
  - In no event may the font be smaller than the surrounding contract terms.
- Require a verbal disclosure statement be made in a volume and cadence sufficient to be readily audible and understandable to the consumer.
- Prohibit automatic renewal charges if the consumer does not provide consent.
- Provide that if a contract automatically renews for a term of six months or more, the consumer must be notified, not sooner than 15 days and not later than 60 days before the date of automatic renewal, that the contract will renew on that date unless it is canceled before then.
- Remove exemptions for insurers licensed under Chapter 58 of the General Statutes, various financial institutions, entities regulated by the North Carolina 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.
- The PCS to House Bill 188 would return financial institutions to exempt status.

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

*Karyl Smith, Bill Patterson, and Hillary Woodard, Staff Attorneys for the Legislative Analysis Division, contributed substantially to this summary.*