

Contracts with Automatic Renewal Clauses

This Act requires language that automatically renews certain contracts to sell goods or services to consumers be clearly and conspicuously noted in the contract or contract offer.

Submitted as:

Louisiana

[Act 906 of 2010](#)

Status: Enacted into law in 2010.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act shall be cited as “An Act to Address Automatic
2 Renewal Clauses in Contracts.”

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4 Section 2. [*Contracts with Automatic Renewal Clauses.*]

5 A. Any person, firm, or corporation engaged in commerce that sells, leases, or offers to
6 sell or lease, any products or services to a consumer pursuant to a contract, when the contract
7 automatically renews unless the consumer cancels the contract, shall disclose the automatic
8 renewal clause clearly and conspicuously in the contract or contract offer.

9 B. Any person, firm, or corporation engaged in commerce that sells, leases, or offers to
10 sell or lease, any products or services to a consumer pursuant to a contract, when the contract
11 automatically renews unless the consumer cancels the contract, shall disclose clearly and
12 conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery of
13 products or services.

14 C. A person, firm, or corporation that fails to comply with the requirements of this
15 Section is in violation of this Section unless the person, firm, or corporation demonstrates all of
16 the following:

17 (1) It has established and implemented written procedures to comply with this
18 Section and enforces compliance with the procedures.

19 (2) Any failure to comply with this Section is the result of error.

20 (3) When an error has caused the failure to comply with this Section, it, as a
21 matter of routine business practice, provides a full refund or credit for all amounts billed to or
22 paid by the consumer from the date of the renewal until the date of the termination of the
23 contract, or the date of the subsequent notice of renewal, whichever occurs first.

24 D. The provisions of this Section shall not apply to the following:

25 (1) A [rental-purchase agreement] defined under [insert citation].

26 (2) Banks, trust companies, savings and loan associations, savings banks, credit
27 unions, finance or credit companies, industrial loan companies, or any other financial institution
28 licensed or organized under the laws of any state or the United States, or any foreign bank
29 maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or
30 affiliate thereof.

31 (3) Insurers licensed under [insert citation].

32 (4) A contract entered into before [insert date].

33 (5) A contract that allows for cancellation by the consumer by written notice
34 within [thirty days or within one month], after the initial period has expired.

35 E. Any contract automatically renewed in violation of this Section shall revert to a [thirty
36 day] renewal contract in accordance with the same terms.

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38 Section 3. [*Severability.*] [Insert severability clause.]

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40 Section 4. [*Repealer.*] [Insert repealer clause.]

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42 Section 5. [*Effective Date.*] [Insert effective date.]