



General Assembly

January Session, 2005

Raised Bill No. 6519

LCO No. 2897

02897_____GL_

Referred to Committee on General Law

Introduced by:

(GL)

AN ACT CONCERNING HEALTH CLUBS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21a-216 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in this chapter:

4 (1) "Health club" means any corporation, partnership,
5 unincorporated association or other business enterprise offering
6 facilities for the preservation, maintenance, encouragement or
7 development of physical fitness or well-being in return for the
8 payment of a fee entitling the buyer to the use of such facilities. Such
9 term [shall include, but not be] includes, but is not limited to, "health
10 spas", "sports and health clubs", "tennis clubs", "racquet ball courts",
11 "golf clubs", "platform tennis clubs", "gymnasiums", "figure salons",
12 "health studios", "weight control studios", and any organization
13 primarily operated for the purpose of teaching a particular form of
14 self-defense or martial art, such as judo, karate or kung fu, but shall
15 not include any establishment from which a buyer may only purchase
16 or become obligated to purchase services to be rendered for a period of

17 not more than [thirty] thirty-one days and which does not collect more
18 than [thirty] thirty-one days payment in advance of the rendering of
19 such services, nonprofit organizations, any massage establishment, any
20 private club owned and operated by its members or any facility
21 operated by the state or any of its political subdivisions.

22 (2) "Business day" means any day except a Sunday or a legal
23 holiday.

24 (3) "Health club contract" means an agreement by which a buyer is
25 entitled to membership in a health club or use of the facilities of a
26 health club. All health club contracts shall be in writing.

27 (4) "Buyer" means a person who enters into, or receives the benefit
28 of, a health club contract.

29 (5) "Services actually received" includes any period during which
30 the facilities of the health club are available to the buyer pursuant to
31 the health club contract whether or not the buyer makes use of the
32 facilities, except when the consideration paid for the health club
33 contract is determined by the number of times the buyer makes use of
34 the health club facilities. The facilities shall not be deemed to be
35 available to the buyer if the buyer fails to make use of the health club
36 facilities in reliance upon a statement or representation of an officer,
37 employee or agent of the health club which would reasonably lead the
38 buyer to conclude that his contract had been cancelled or that the
39 facilities were not actually available for use by the buyer.

40 (6) "Disabled" and "disability" mean a condition which has existed
41 or will exist for more than forty-five days which prevents a buyer from
42 utilizing the health club to the same extent he utilized it before
43 commencement of such condition.

44 (7) "Payment in advance" includes, but is not limited to, the
45 payment of all service fees, initiation fees, application fees,
46 maintenance fees or similar fees.

47 Sec. 2. Section 21a-217 of the general statutes is repealed and the
48 following is substituted in lieu thereof (*Effective from passage*):

49 Every contract for health club services shall provide that such
50 contract may be cancelled within three business days after the date of
51 receipt by the buyer of a copy of the contract, by written notice
52 delivered by certified or registered United States mail to the seller or
53 the seller's agent at an address which shall be specified in the contract.
54 After receipt of such cancellation, the health club may request the
55 return of contract forms, membership cards and any and all other
56 documents and evidence of membership previously delivered to the
57 buyer. Cancellation shall be without liability on the part of the buyer,
58 except for the fair market value of services actually received and the
59 buyer shall be entitled to a refund of the entire consideration paid for
60 the contract, if any, less the fair market value of the services or use of
61 facilities already actually received. Such right of cancellation shall not
62 be affected by the terms of the contract and may not be waived or
63 otherwise surrendered. Such contract for health club services shall also
64 contain a clause providing that if the person receiving the benefits of
65 such contract relocates further than twenty-five miles from a health
66 club facility operated by the seller or a substantially similar health club
67 facility which would accept the seller's obligation under the contract,
68 or dies during the membership term following the date of such
69 contract, or if the health club ceases operation at the location where the
70 buyer entered into the contract, the buyer or his estate shall be relieved
71 of any further obligation for payment under the contract not then due
72 and owing. The contract shall also provide that if the buyer becomes
73 disabled during the membership term, the buyer shall have the option
74 of (1) being relieved of liability for payment on that portion of the
75 contract term for which he is disabled, or (2) extending the duration of
76 the original contract at no cost to the buyer for a period equal to the
77 duration of the disability. The health club shall have the right to
78 require and verify reasonable evidence of relocation, disability or
79 death. In the case of disability, the health club may require that a
80 doctor's certificate be submitted as verification and may also require in

81 such contract that the buyer submit to a physical examination by a
82 doctor agreeable to the buyer and the health club, the cost of which
83 examination shall be borne by the health club.

84 Sec. 3. Subsection (a) of section 21a-218 of the general statutes is
85 repealed and the following is substituted in lieu thereof (*Effective from*
86 *passage*):

87 (a) A copy of the health club contract shall be delivered to the buyer
88 at the time the contract is signed. All health club contracts shall be in
89 writing and signed by the buyer, shall designate the date on which the
90 buyer actually signs the contract, shall identify the address of the
91 location at which the buyer entered the contract and shall contain a
92 statement of the buyer's rights which complies with this section. The
93 statement must: (1) Appear in the contract under the conspicuous
94 caption: "BUYER'S RIGHT TO CANCEL", and (2) read as follows:

95 "If you wish to cancel this contract, you may cancel by mailing a
96 written notice by certified or registered mail to the [health club]
97 address specified below. The notice must say that you do not wish to
98 be bound by this contract and must be delivered or mailed before
99 midnight of the third business day after you sign this contract. After
100 you cancel, the health club may request the return of all contracts,
101 membership cards and other documents of evidence of membership.
102 The notice must be delivered or mailed to:

103

104

105 (Insert name and mailing address [of health club] for cancellation
106 notice.)

107 You may also cancel this contract if you relocate your residence
108 further than twenty-five miles from any health club operated by the
109 seller or from any other substantially similar health club which would
110 accept the obligation of the seller. This contract may also be cancelled if

111 you die, or if the health club ceases operation at the location where you
112 entered into this contract. If you become disabled, you shall have the
113 option of (1) being relieved of liability for payment on that portion of
114 the contract term for which you are disabled, or (2) extending the
115 duration of the original contract at no cost to you for a period equal to
116 the duration of the disability. You must prove such disability by a
117 doctor's certificate, which certificate shall be enclosed with the written
118 notice of disability sent to the health club. The health club may require
119 that you be examined by another physician agreeable to you and the
120 health club at its expense. If you cancel, the health club may keep or
121 collect an amount equal to the fair market value of the services or use
122 of facilities you have already received."

123 The full text of this statement shall be in ten-point bold type.

124 Sec. 4. Section 21a-219 of the general statutes is repealed and the
125 following is substituted in lieu thereof (*Effective from passage*):

126 (a) No health club contract shall have a duration for a period longer
127 than twenty-four months. If a health club offers a contract of more than
128 twelve months' duration, it shall offer a twelve-month contract. If a
129 health club sells a membership contract of more than twelve months'
130 duration, the health club shall not collect [no] a payment of more than
131 fifty per cent of the entire consideration for the contract in advance of
132 rendering services. The remainder of the cost of the contract shall be
133 collected by the health club on a pro rata monthly basis during the
134 term of the health club contract. Each contract shall have the prices for
135 all contracts printed thereon.

136 (b) No contract shall contain an automatic renewal clause [but may
137 provide a] except for a renewal for a period not to exceed thirty-one
138 days. If such contract contains such a thirty-one-day automatic
139 renewal clause, such contract shall permit the buyer to cancel any
140 further renewal upon no more than a thirty-one-day notice. The price
141 of any such renewal shall not increase or decrease unless the contract
142 discloses the amount of, or method of, calculating any increase or

143 decrease in the price of such renewal. Any other renewal option for
144 continued membership [, which option] must be accepted by the buyer
145 in writing and may become effective only upon payment of the
146 renewal price.

147 (c) Each health club shall post the prices and the three-day
148 cancellation provisions, the disability provisions and the twenty-five
149 mile moving provisions of all contracts in a conspicuous place where
150 the contract is entered into.

151 Sec. 5. Section 21a-220 of the general statutes is repealed and the
152 following is substituted in lieu thereof (*Effective from passage*):

153 If the buyer's obligation is in the form of a negotiable promissory
154 note, such contract shall state in boldface type on the face page of said
155 contract that the buyer's promissory note may be discounted and sold
156 to third parties to whom the buyer will become obligated to make full
157 payment. The selling or discounting of a negotiable promissory note
158 which represents the buyer's obligation under a health club service
159 contract shall not affect the right of the buyer to cancel the contract, the
160 method by which cancellation may be made, or the buyer's rights
161 under section 52-572g or Section 433.1 et seq. of Title 16 of the Code of
162 Federal Regulations, as they may from time to time be amended. When
163 a buyer's obligation is in the form of a negotiable promissory note, the
164 time period for payment of the note shall not exceed the duration of
165 the health club contract.

166 Sec. 6. Section 21a-221 of the general statutes is repealed and the
167 following is substituted in lieu thereof (*Effective from passage*):

168 A health club which intends to commence the sale of health club
169 contracts, shall, prior to commencing sale, compile a written list of
170 each [piece] type of equipment and each service which it intends to
171 have available for use by buyers at the time of commencing such sale
172 and shall submit a copy of the list to the Commissioner of Consumer
173 Protection. Such list shall be included in any health club contract. No

174 health club shall be considered fully operative or established until
175 substantially all of the equipment and services so listed are actually
176 available for use by buyers. Each individual place of business of each
177 health club shall be fully operative or established prior to commencing
178 the sale of health club contracts.

179 Sec. 7. Section 21a-223 of the general statutes is repealed and the
180 following is substituted in lieu thereof (*Effective from passage*):

181 (a) Each individual place of business of each health club shall obtain
182 a license from the Department of Consumer Protection prior to the sale
183 of any health club contract. Application for such license shall be made
184 on forms provided by the Commissioner of Consumer Protection and
185 said commissioner shall require as a condition to the issuance and
186 renewal of any license obtained under this chapter (1) that the
187 applicant provide for and maintain on the premises of the health club
188 sanitary facilities; (2) that the application be accompanied by (A) a
189 license or renewal fee of two hundred dollars, (B) a list of each [piece]
190 type of equipment and each service which the applicant intends to
191 have available for use by buyers during the year of operations
192 following licensure or renewal, and (C) two copies of each health club
193 contract which the applicant is currently using or intends to use; and
194 (3) compliance with the requirements of section 21a-226. Such licenses
195 shall be renewed annually. The commissioner may impose a civil
196 penalty of not more than three hundred dollars against any health club
197 that continues to sell or offer for sale health club contracts for any
198 location but fails to submit a license renewal and license renewal fee
199 for such location not later than thirty days after such license's
200 expiration date.

201 (b) No health club shall (1) engage in any act or practice which is in
202 violation of or contrary to the provisions of this chapter or any
203 regulation adopted to carry out the provisions of this chapter,
204 including the use of contracts which do not conform to the
205 requirements of this chapter, or (2) engage in conduct of a character

206 likely to mislead, deceive or defraud the buyer, the public or the
207 commissioner. The Commissioner of Consumer Protection may refuse
208 to grant or renew a license to, or may suspend or revoke the license of,
209 any health club which engages in any conduct prohibited by this
210 chapter.

211 (c) If the commissioner refuses to grant or renew a license of any
212 health club, the commissioner shall notify the applicant or licensee of
213 the refusal, and of his right to request a hearing within ten days from
214 the date of receipt of the notice of refusal. If the applicant or licensee
215 requests a hearing within ten days, the commissioner shall give notice
216 of the grounds for his refusal and shall conduct a hearing concerning
217 such refusal in accordance with the provisions of chapter 54
218 concerning contested matters.

219 (d) The Attorney General at the request of the Commissioner of
220 Consumer Protection is authorized to apply in the name of the state of
221 Connecticut to the Superior Court for an order temporarily or
222 permanently restraining and enjoining any health club from operating
223 in violation of any provision of this chapter.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	21a-216
Sec. 2	<i>from passage</i>	21a-217
Sec. 3	<i>from passage</i>	21a-218(a)
Sec. 4	<i>from passage</i>	21a-219
Sec. 5	<i>from passage</i>	21a-220
Sec. 6	<i>from passage</i>	21a-221
Sec. 7	<i>from passage</i>	21a-223

Statement of Purpose:

To update the state's health club act and make it conform with current practices in the health club industry.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]