



JOINT STATEMENT OF AT&T CONNECTICUT AND AT&T MOBILITY

Regarding Raised Bill No. 316

AN ACT CONCERNING NOTIFICATION OF THE EXPIRATION OF TRIAL OFFERS, INTRODUCTORY RATES AND AUTOMATIC CONTRACT RENEWALS

Before the Joint Committee on General Law

March 6, 2012

Proposal:

Raised Bill No. 316 would amend section 42-126b of the Connecticut General Statutes in several significant ways. First, Raised Bill 316 would mandate onerous notice requirements to consumer customers regarding expiration of trial offers and introductory rates. In addition, Raised Bill 316 would impose an affirmative notice obligation on companies to notify consumers of their ability to cancel a contract that contains an automatic renewal provision between 15 and 60 days before the contract renews, regardless of the term of the contract.

Comments:

AT&T opposes Raised Bill No. 316.

Notice of Expiration of Trial Offers and Introductory Rates. AT&T appreciates the importance of giving customers, particularly consumer customers, sufficient information regarding their contracts. Current statutes sufficiently protect these interests. Under existing statute 42-126b, companies must provide a consumer customer with clear and conspicuous written notice that a customer may cancel products or services at the expiration of the trial period either before or at the time of the delivery of the products or services.

Raised Bill No. 316, however, would increase the notice requirements, and mandate companies to give this notice two times – both before and at the time of delivery – rather than once. AT&T is not aware of any large-scale problems with consumer trial offers that would require amendment of the statute to require additional notice, and it is certainly not clear that sending the notice twice would improve consumers' understanding of their rights. But there is no doubt that a double notice requirement will substantially increase the administrative burdens and costs to companies providing these offers, and could result in companies choosing to offer fewer of them, thus adversely impacting consumers.

Automatic Renewal. Raised Bill 316 would also change the way in which companies need to give consumer customers notice of how they can cancel a contract with an automatic renewal provision. Under current law, a company must give a clear and conspicuous written notice that a consumer may cancel the contract before the initial term expires. However, if the written contract is for a specified period of time of 180 days or

less, and the automatic renewal provision is for more than 31 days, the company can include that notice in the agreement itself, rather than by an additional notice. Month-to-month contracts that automatically renew unless terminated are excluded from this requirement.

Raised Bill No. 316 would change that and impose an affirmative obligation on companies to notify consumers of their ability to cancel a contract that contains an automatic renewal provision between 15 and 60 days before the contract renews, regardless of the term of the contract.

AT&T is not aware of any large-scale problems with automatic renewals of consumer contracts. Contracts allowing for automatic renewals reduce overhead and increase efficiencies, allowing companies to pass these savings to customers in the way of reduced prices. Requiring an affirmative written notice requirement will substantially increase the administrative burdens and costs to companies providing these offers and could result in companies choosing to offer fewer of them, thus adversely impacting consumers. This is particularly onerous for contracts that automatically renew for periods of a month or less.

Applying the notice requirement to month-to-month contracts would create a nonsensical administrative burden. Consider that under the bill a company would have to send a notice between 15 and 60 days before a month-to-month contract of only 30 days in length expires and would have to send this same notice to the customer each and every month.

Conclusion:

AT&T opposes Raised Bill No. 316.