
OLR BILL ANALYSIS

sSB 316

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

SUMMARY:

This bill specifies a timeframe for complying with the law requiring consumers to be notified about how to cancel a product or service offered under a trial offer or introductory rate. It also imposes this notice requirement on certified telecommunications providers when they provide a product or service on a trial offer or introductory rate.

The bill makes uniform the requirement for notifying consumers about cancelling a consumer goods written contract with automatic renewal provisions. Under current law, the requirements vary depending on the contract's length.

EFFECTIVE DATE: October 1, 2013

TRIAL OFFERS AND INTRODUCTORY RATES

Under current law, which the bill applies to certified telecommunications providers, anyone who sells or offers to sell consumer goods or services under a trial offer or at an introductory rate that will change when it expires, must provide clear and conspicuous written notice that the consumer may cancel the product or service at the end of the trial offer or introductory rate. It also makes any product or service given to the consumer after the trial offer or introductory rate period expires and is cancelled or not renewed, an unconditional gift.

The bill specifies a timeframe for notifying consumers about cancelling a contract for a product or service provided on a trial basis or introductory rate. It requires notification to be between 15 and 60 days before the trial offer or introductory rate periods starts and the

product or service's initial delivery, rather than before start of these transactions.

CANCELLATION NOTICES FOR CONTRACTS WITH AUTOMATIC RENEWAL PROVISIONS

The bill imposes uniform cancellation notice requirements for consumer goods written contracts with automatic renewal provisions. Under current law, the notice requirements depend on whether the contract period is over or under 180 days. Generally, anyone who sells or offers to sell consumer goods or services under a written contract that will last less than 180 days with a provision automatically renewing it for more than 31 days must provide a clear and conspicuous written notice that the consumer may cancel the contract and specify how he or she may do so. The contract must not require the consumer to cancel more than 60 days prior to the expiration of the specified time period.

For contracts over 180 days with provisions automatically renewing them for more than 31 days, current law requires sellers to provide a clear and conspicuous written notice informing the purchaser that he or she can cancel the contract. The notice must include the cancellation procedure and be given to the consumer between 15 and 60 days before (1) the contract's renewal date or (2) the expiration of the time period for cancellation, whichever is earlier. Sending written notice by U.S. mail satisfies the notice requirement. If it is an electronic contract or the consumer agrees to receive notice electronically, notice may be transmitted by electronic mail.

The bill makes the cancellation notice requirement uniform by eliminating the 180-day distinction. It also imposes the requirements on all contracts regardless of the length of the automatic renewal time.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/13/2012)