

March 8, 2016

To: Members of the Banking Committee
Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway
Re: HB 5561: An Act Concerning Fairness in Consumer Contracts
Position: Oppose

This bill would have significant and negative consequences for retail businesses in Connecticut. It would likely force any business that provides goods or services to consumers (including retail stores, banks, realtors, insurance companies, contractors and many others) to have to redraft the agreements they use for every day transactions. And the bill would impose drastic penalties on those that failed to do so. We ask the Committee to consider the following:

All consumer contracts would have to be written "*in the language in which the transaction was conducted*", unless the business can prove that fewer than 10% of its transactions are conducted in that language.

All consumer contracts must be written in "*plain language*", which is a highly subjective determination (and, in some cases, may be impossible to achieve because of regulatory disclosure requirements or other legitimate business reasons).

All "*material terms*" of a consumer contract (another highly subjective determination) must be in a "*single document*". That means, for example, that a retail business could not provide warranty information in a separate document.

The bill would allow courts to "*exclude*" (i.e., ignore or not enforce) contract terms that are not written in plain language, not written in the language in which the transaction was conducted, or are contained in a separate document.

These provisions, and others within the bill, are not workable in the normal course of business, and the new burden proposed by the bill would negatively impact both small and large businesses.

For all of these reasons, we urge your opposition of H.B. 5561.