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# SENATE BILL No. 300

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 24-5-27.

**Synopsis:** Automatic renewal clauses in consumer contracts. Requires a person who: (1) provides services or the service, maintenance, lease, sale, or repair of real or personal property; and (2) includes an automatic renewal clause in the person's contracts; to clearly and conspicuously in the contract and contract offer, disclose the automatic renewal clause and what actions the consumer must take to cancel the contract at the expiration of the contract term. Excludes certain transactions, policies, contracts, and agreements. Makes it a rebuttable presumption that a person complied with the requirements if the person meets certain criteria regarding the person's routine business practices. Provides that an automatic renewal clause is void if a person fails to comply with the requirements.

**Effective:** July 1, 2011.

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**Taylor**

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January 6, 2011, read first time and referred to Committee on Commerce & Economic Development.

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First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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## SENATE BILL No. 300



A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 24-5-27 IS ADDED TO THE INDIANA CODE AS  
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2011]:

4 **Chapter 27. Contracts With Automatic Renewal Clauses**

5 **Sec. 1. This chapter does not apply to the following:**

- 6 (1) A transaction between merchants (as defined in
- 7 IC 26-1-2-104).
- 8 (2) A policy or contract that is regulated under IC 27.
- 9 (3) A contract or agreement with a:
  - 10 (A) financial institution (as defined in IC 28-1-1); or
  - 11 (B) foreign bank (as defined in IC 6-5.5-1-9) that maintains
  - 12 a branch or office licensed under the laws of the United
  - 13 States.
- 14 (4) A contract or agreement for a small loan that is regulated
- 15 under IC 24-4.5-7.

16 **Sec. 2. As used in this chapter, "automatic renewal clause"**  
17 **means a provision in a contract that provides that the contract**



1 shall be renewed for a specified additional period or indefinitely  
2 unless the recipient provides notice to the person furnishing the  
3 services or the service, maintenance, lease, sale, or repair of real or  
4 personal property that the recipient intends to terminate the  
5 contract at the expiration of the contract term.

6 Sec. 3. As used in this chapter, "consumer" means a person who  
7 receives services or the service, maintenance, lease, sale, or repair  
8 of real or personal property under a contract.

9 Sec. 4. (a) As used in this chapter, "contract" means to provide:  
10 (1) services;  
11 (2) the service, maintenance, lease, sale, or repair of real or  
12 personal property; or  
13 (3) both services and the service, maintenance, lease, sale, or  
14 repair of real or personal property.

15 (b) The term does not include a contract that does not specify an  
16 expiration of the contract term.

17 Sec. 5. As used in this chapter, "person" means an individual, a  
18 partnership, a limited liability company, a corporation, an  
19 association, or any other legal entity.

20 Sec. 6. A person who offers to enter into a contract that includes  
21 an automatic renewal clause in the contract shall, clearly and  
22 conspicuously in the contract and contract offer, disclose the  
23 automatic renewal clause and what actions the consumer must take  
24 to cancel the contract at the expiration of the contract term.

25 Sec. 7. If a person fails to meet the requirements under section  
26 6 of this chapter regarding a contract, there is a rebuttable  
27 presumption that a person complied with this chapter if the  
28 person's routine business practices include the following:

- 29 (1) The person has established and implemented written  
30 procedures to comply with this chapter.
- 31 (2) The person enforces the procedures described under  
32 subdivision (1).
- 33 (3) The failure of the person to comply with this chapter was  
34 the result of an error.
- 35 (4) The person provided a full refund or credit for all amounts  
36 billed to or paid by the consumer from the following dates,  
37 whichever occurs first:
  - 38 (A) The date of the automatic renewal until the date of  
39 termination of the contract.
  - 40 (B) The date of the subsequent notice of renewal.

41 Sec. 8. If a person fails to comply with this chapter, an  
42 automatic renewal clause in the person's contract is void.

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