

SENATE BILL NO. 103

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY SENATOR GIESSEL

Introduced: 1/10/14

Referred: Prefiled

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to automatic renewals of contracts for home security products or**
2 **services; and relating to the Alaska Unfair Trade Practices and Consumer Protection**
3 **Act."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 45.45 is amended by adding a new section to article 13 to read:

6 **Sec. 45.45.940. Automatic renewals of contracts for home security**
7 **products or services.** (a) When a home security business sells home security products
8 or services to a consumer, the home security business may not include an automatic
9 renewal provision in the contract unless, before the consumer enters into the contract,

10 (1) the home security business gives the consumer a disclosure
11 statement that satisfies the requirements in (b) of this section; and

12 (2) the consumer chooses to include the automatic renewal provision in
13 the contract and indicates that choice by signing the disclosure statement.

14 (b) The disclosure statement required by (a) of this section must be on a

1 separate document from the contract and must clearly and conspicuously disclose in
2 writing

3 (1) that, if the consumer signs the disclosure statement, the home
4 security business will automatically renew the contract;

5 (2) that, if the consumer does not sign the disclosure statement, the
6 home security business will not automatically renew the contract but will deliver a
7 notice of the scheduled termination to the consumer at least 60 days before the
8 scheduled termination date;

9 (3) the length of each renewal period under the automatic renewal
10 provision;

11 (4) whether the home security business will charge the consumer a
12 higher contract price for each renewal under the automatic renewal provision; and

13 (5) an electronic mail address, mailing address, and a toll-free
14 telephone number that the consumer may use to terminate the contract.

15 (c) If a consumer does not sign the disclosure statement, the home security
16 business shall send, at least 60 days before the contract is scheduled to terminate, a
17 notice to the consumer that provides

18 (1) the date that the contract is scheduled to terminate; and

19 (2) the renewal options available to the consumer; the renewal options
20 may include short-term renewals, long-term renewals, or both.

21 (d) If a home security business is required to send a notice under (c) of this
22 section, the home security business shall mail the notice by first class mail to the last
23 known address of the consumer and obtain a certificate of mailing from the United
24 States Postal Service or transmit the notice by electronic means to the last known
25 electronic address of the consumer and request an electronic confirmation of receipt
26 by the consumer. If a notice mailed under this subsection is returned to the home
27 security business undelivered, and the home security business does not receive an
28 electronic confirmation of receipt for a notice transmitted by electronic means, the
29 home security business shall attempt to notify the consumer by calling the last known
30 telephone number of the consumer.

31 (e) A home security business may not charge a consumer a higher fee for a

1 contract or otherwise penalize the consumer if the consumer does not sign a disclosure
2 statement.

3 (f) If a home security business includes an automatic renewal provision in a
4 contract without complying with this section, the automatic renewal provision is void.

5 (g) A home security business shall terminate the automatic renewal provision
6 of a contract within 30 days after receipt of notice from a consumer that the consumer
7 has permanently relocated to a hospital, nursing home, or assisted living facility.

8 (h) In this section,

9 (1) "automatic renewal provision" means a contract provision under
10 which the contract is renewed automatically one or more times after the expiration of
11 the current term of the contract;

12 (2) "consumer" means a natural person who buys home security
13 products or services for the person's dwelling from a home security business;

14 (3) "contract" means a contract for home security products or services;

15 (4) "disclosure statement" means a disclosure statement that is required
16 by (a) of this section;

17 (5) "dwelling" means a structure used as a consumer's residence; in
18 this paragraph, "structure" includes an apartment, a common interest community unit
19 under AS 34.08, and a mobile home;

20 (6) "home security business" means a person who engages in the
21 business of selling home security products or services;

22 (7) "home security products or services" means products or services
23 that prevent or deter unwanted persons from entering the dwelling of a natural person.

24 * **Sec. 2.** AS 45.50.471(b) is amended by adding a new paragraph to read:

25 (58) violating AS 45.45.940 (automatic renewals of contracts for home
26 security contracts products or services).

27 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 **APPLICABILITY.** AS 45.45.940, enacted by sec. 1 of this Act, applies to a contract
30 for home security products or services if the contract is entered into on or after the effective
31 date of this Act. In this section, "home security products or services" has the meaning given in

1 AS 45.45.940, enacted by sec. 1 of this Act.