

1 AN ACT

2 To enact R.S. 9:2716, relative to contracts; to provide for automatic renewal of contracts;
3 to provide for disclosure of procedures regarding cancellation of such contracts; to
4 provide for exceptions upon failure to notify consumers; to provide for applicability
5 and exceptions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 9:2716 is hereby enacted to read as follows:

8 **§2716. Contracts with automatic renewal clauses**

9 **A. Any person, firm, or corporation engaged in commerce that sells,**
10 **leases, or offers to sell or lease, any products or services to a consumer pursuant**
11 **to a contract, when the contract automatically renews unless the consumer**
12 **cancels the contract, shall disclose the automatic renewal clause clearly and**
13 **conspicuously in the contract or contract offer.**

14 **B. Any person, firm, or corporation engaged in commerce that sells,**
15 **leases, or offers to sell or lease, any products or services to a consumer pursuant**
16 **to a contract, when the contract automatically renews unless the consumer**
17 **cancels the contract, shall disclose clearly and conspicuously how to cancel the**
18 **contract in the initial contract, contract offer, or with delivery of products or**
19 **services.**

20 **C. A person, firm, or corporation that fails to comply with the**
21 **requirements of this Section is in violation of this Section unless the person,**
22 **firm, or corporation demonstrates all of the following:**

23 **(1) It has established and implemented written procedures to comply**
24 **with this Section and enforces compliance with the procedures.**

25 **(2) Any failure to comply with this Section is the result of error.**

26 **(3) When an error has caused the failure to comply with this Section, it,**

1 as a matter of routine business practice, provides a full refund or credit for all
2 amounts billed to or paid by the consumer from the date of the renewal until the
3 date of the termination of the contract, or the date of the subsequent notice of
4 renewal, whichever occurs first.

5 **D. The provisions of this Section shall not apply to the following:**

6 (1) The Louisiana Rental-Purchase Agreement Act as provided in R.S.
7 9:3351 through 3362.

8 (2) Banks, trust companies, savings and loan associations, savings banks,
9 credit unions, finance or credit companies, industrial loan companies, or any
10 other financial institution licensed or organized under the laws of any state or
11 the United States, or any foreign bank maintaining a branch or agency licensed
12 under the laws of the United States, or any subsidiary or affiliate thereof.

13 (3) Insurers licensed under Title 22 of the Louisiana Revised Statutes of
14 1950.

15 (4) A contract entered into before January 1, 2011.

16 (5) A contract that allows for cancellation by the consumer by written
17 notice within thirty days or within one month, after the initial period has
18 expired.

19 **E. Any contract automatically renewed in violation of this Section shall**
20 **revert to a thirty day renewal contract in accordance with the same terms.**

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____