

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 991 Session of  
2011

INTRODUCED BY ARGALL, RAFFERTY, M. WHITE, FONTANA, GREENLEAF,  
WAUGH, VOGEL, WASHINGTON, MENSCH, BOSCOLA AND FARNESE,  
MAY 16, 2011

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
SEPTEMBER 25, 2012

## AN ACT

1 Providing for automatic renewal provisions in certain service  
2 contracts.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Service  
7 Contract Automatic Renewal Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Automatic renewal provision." A provision of a service  
13 contract under which the service contract is renewed for a  
14 specified period of more than one month if the renewal causes  
15 the service contract to be in effect more than six months after  
16 the effective date of the service contract. ~~The renewal is~~  
17 ~~effective unless the consumer gives notice to the seller of the~~



1 ~~consumer's intention to terminate the service contract.~~

2 "Consumer." ~~An individual~~ A PERSON who receives service,  
3 maintenance or repair under a service contract. ~~The term does~~  
4 ~~not include an individual engaged in business or employed by or~~  
5 ~~otherwise acting on behalf of a governmental entity if the~~  
6 ~~individual enters into the service contract as part of or~~  
7 ~~ancillary to the individual's business activities or on behalf~~  
8 ~~of the business or governmental entity.~~

9 "Seller." A person, ~~firm, partnership, association or~~  
10 ~~corporation~~ engaged in commerce that sells, leases or offers to  
11 sell or lease a service to a consumer under a service contract.

12 "Service contract." A written agreement for the performance  
13 of a service over a fixed period of time or for a specified  
14 duration. THE TERM DOES NOT INCLUDE AN AGREEMENT, THE TERMS OF  
15 WHICH ALLOW A CONSUMER TO CANCEL THE AGREEMENT AT ANY TIME AND  
16 TO RECEIVE UPON CANCELLATION A PRO RATA REFUND OF ANY UNEARNED  
17 AMOUNTS PAID BY THE CONSUMER.

18 Section 3. Service contracts with automatic renewal provisions.

19 (a) General rule.--A seller that enters or attempts to enter  
20 into a service contract that includes an automatic renewal  
21 provision, ~~unless the consumer cancels the service contract,~~  
22 shall disclose the automatic renewal provision clearly and  
23 conspicuously in the service contract or service contract offer.

24 (b) Notification prior to contract cancellation.--

25 (1) A seller that has entered into a service contract,  
26 that automatically renews for a specified period of more than  
27 one month ~~unless the consumer cancels the contract,~~ shall  
28 provide the consumer with written or electronic notification,  
29 ~~which shall include a form of receipt confirmation,~~ of the  
30 automatic renewal provision. NO NOTICE SHALL BE REQUIRED

1 WHERE THE CONSUMER HAS CANCELED THE SERVICE CONTRACT.

2 (2) The notification required under this subsection  
3 shall be provided to the consumer not less than 30 days nor  
4 more than 60 days before the cancellation deadline under the  
5 automatic renewal provision.

6 (c) Contents of notice.--The notification required under  
7 subsection (b) shall disclose clearly and conspicuously:

8 (1) That unless the consumer cancels the contract, the  
9 contract will automatically renew.

10 (2) The method by which the consumer may obtain details  
11 of the automatic renewal provision and cancellation  
12 procedure, whether by contacting the seller at a specified  
13 telephone number or address, by referring to the contract or  
14 by any other method.

15 ~~(d) Violations. A seller that fails to comply with the~~ ←

16 (D) AUTOMATIC RENEWAL EFFECTIVE.--AN AUTOMATIC RENEWAL ←  
17 PROVISION SHALL BE EFFECTIVE, UNLESS THE CONSUMER GIVES NOTICE  
18 TO THE SELLER OF THE CONSUMER'S INTENTION TO CANCEL THE SERVICE  
19 CONTRACT.

20 SECTION 4. VIOLATIONS.

21 A SELLER THAT FAILS TO COMPLY WITH THE requirements of this  
22 section is in violation of this act unless the seller  
23 demonstrates that:

24 (1) ~~As~~ AS part of the seller's routine business ←  
25 practice, the seller has established and implemented written  
26 procedures to comply with this section and enforces  
27 compliance with the procedures-; ←

28 (2) ~~The~~ THE failure to comply is the result of an ←  
29 unintentional error-; OR ←

30 (3) ~~As~~ AS part of the seller's routine business ←

1 practice, where an unintentional error has caused the failure  
2 to comply with this subsection, the unearned portion of the  
3 contract subject to the automatic renewal provision is  
4 refunded as of the date on which the seller is notified of  
5 the error.

6 ~~(e) Void provisions. An automatic renewal provision of a~~ ←

7 SECTION 5. VOID PROVISIONS. ←

8 AN AUTOMATIC RENEWAL PROVISION OF A service contract that is  
9 in violation of this act, except as otherwise provided under  
10 ~~subsection (d)~~ SECTION 4, is void and unenforceable in this ←  
11 Commonwealth.

12 Section 4 6. Enforcement. ←

13 A violation of this act shall constitute an unfair or  
14 deceptive trade or practice for purposes of the act of December  
15 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices  
16 and Consumer Protection Law, and shall be subject to the penalty  
17 and enforcement provisions of that act.

18 Section 5 7. Effective date. ←

19 This act shall take effect in 60 days.