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[First Reprint]

## **ASSEMBLY, No. 2450**

# **STATE OF NEW JERSEY**

## **217th LEGISLATURE**

INTRODUCED FEBRUARY 4, 2016

**Sponsored by:**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

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**District 34 (Essex and Passaic)**

**Assemblywoman ANGELA V. MCKNIGHT**

**District 31 (Hudson)**

**Co-Sponsored by:**

**Assemblyman Chiaravalloti, Assemblywoman Jasey, Assemblyman McKeon and Assemblywoman Pinkin**

**SYNOPSIS**

Establishes notification standards regarding automatic renewal of service contracts.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Consumer Affairs Committee on May 12, 2016, with amendments.

(Sponsorship Updated As Of: 6/17/2016)

1 AN ACT concerning service contracts and supplementing P.L.1960,  
2 c.39 (C.56:8-1 et seq.).

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. As used in this act:

8 “Automatic renewal provision” means a provision under which a  
9 service contract is renewed for a specified period of more than one  
10 month if: (1) the renewal causes the service contract to be in effect  
11 more than six months after the day of the initiation of the service  
12 contract; and (2) the renewal is effective unless the consumer gives  
13 notice to the seller of the consumer’s intention to terminate the  
14 service contract.

15 “Consumer” means a natural person who buys other than for  
16 purposes of trade any tangible personal property that is distributed  
17 in commerce and that is normally used for personal, family, or  
18 household purposes and not for business or research purposes.

19 <sup>1</sup>“Propane gas marketer” means a person engaged primarily in  
20 the sale of odorized liquefied petroleum gas to the ultimate  
21 consumer or to a retail liquefied petroleum gas dispenser, and  
22 includes the owner or operator of a bulk plant.<sup>1</sup>

23 “Seller” means any natural person, firm, partnership, company,  
24 corporation, association, or other similar legal entity engaged in  
25 commerce that sells, leases, or offers to sell or lease any service to a  
26 customer pursuant to a service contract.

27 “Service contract” means a written contract for the performance  
28 of service, maintenance, or repair over a fixed period of time or for  
29 a specified duration in connection with any real property or that  
30 provides a benefit to any real property.

31 “Warranty” means a warranty made solely by the manufacturer,  
32 importer, or seller of property or services without consideration,  
33 that is incidental to, and not negotiated or separated from, the sale  
34 of the property or services, that guarantees indemnity for defective  
35 materials, parts, mechanical or electrical breakdown, labor, or  
36 workmanship, or provides other remedial measures, including repair  
37 or replacement of the property or repetition of services.

38

39 2. a. Any seller that sells, leases or offers to sell or lease any  
40 service to a consumer pursuant to a service contract that has an  
41 automatic renewal provision shall disclose the automatic renewal  
42 provision clearly and conspicuously in the contract or contract  
43 offer.

44 b. Any seller that sells or offers to sell any service to a  
45 consumer pursuant to a service contract the term of which is a

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ACO committee amendments adopted May 12, 2016.

1 specified period of 12 months or more and that automatically  
2 renews for a specified period of more than one month, unless the  
3 consumer cancels the contract, shall provide the consumer with  
4 written or electronic notification of the automatic renewal  
5 provision. Notification shall be provided to the consumer not less  
6 than 30 days nor more than 60 days before the cancellation deadline  
7 pursuant to the automatic renewal provision. This notification shall  
8 disclose clearly and conspicuously:

9 (1) That unless the consumer cancels the contract the contract  
10 will automatically renew; and

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

15 c. As part of the seller's routine business practice, where an  
16 error has caused the failure to comply with the provisions of this  
17 section, the unearned portion of the contract subject to the  
18 automatic renewal provision shall be refunded as of the date on  
19 which the seller is notified of the error.

20 d. The seller shall provide written or electronic notification to  
21 the consumer not less than 30 days nor more than 60 days before  
22 any change in the procedures required of the consumer to cancel the  
23 automatic renewal provision.

24  
25 3. The following shall be exempt from the provisions of this  
26 act:

27 a. warranties;

28 b. service contracts on tangible property if the tangible  
29 property for which the service contract is sold has a purchase price  
30 of \$250 or less, excluding sales tax;

31 c. service contracts with a bank, trust company, savings bank,  
32 savings and loan association, credit union, insurance company, or  
33 health maintenance organization organized under the laws of any  
34 state or the United States; and

35 d. service contracts issued, offered, or sold:

36 (1) by a cable, electric, gas, telecommunication, or water public  
37 utility regulated by the Board of Public Utilities, <sup>1</sup>by a propane gas  
38 marketer,<sup>1</sup> or by a person providing central heating and air  
39 conditioning services; or

40 (2) to any person other than a consumer.

41  
42 4. a. This act shall not limit rights or remedies available to a  
43 consumer under any other law.

44 b. If a seller does not comply with the provisions of this act,  
45 the automatic renewal provision shall be void and unenforceable.

**A2450 [1R] BENSON, MORIARTY**

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1       5. A violation of any of the provisions of this act shall be an  
2 unlawful practice and a violation of P.L.1960, c.39 (C.56:8-1 et  
3 seq.).

4

5       6. This act shall take effect on the first day of the third month  
6 next following the date of enactment, and shall apply to service  
7 contracts entered into on or after that date.