



GOV. MSG. NO. **1242**

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

June 20, 2011

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

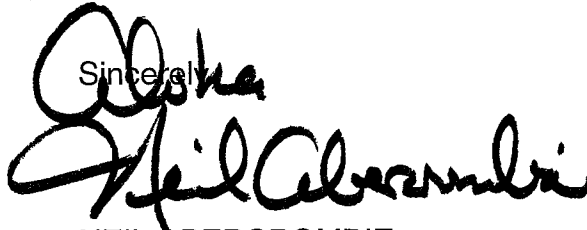
The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on June 20, 2011, the following bill was signed into law:

HB663 HD2 SD2 CD1

RELATING TO CONTRACTS.  
**Act 139 (11)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE, 2011  
STATE OF HAWAII

ACT 139  
H.B. NO.

663  
H.D. 2  
S.D. 2  
C.D. 1

## A BILL FOR AN ACT

RELATING TO CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. Chapter 481, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:
- 4 "§481- Automatic renewal clauses. (a) Any person who  
5 sells or offers to sell any products or services to a consumer  
6 pursuant to a consumer contract that has a specified term of  
7 more than one month and an automatic renewal clause under which  
8 the contract will automatically renew for a specified term of  
9 more than one month unless the consumer cancels the contract,  
10 shall disclose the automatic renewal clause and the procedure by  
11 which the consumer can cancel automatic renewal of the consumer  
12 contract clearly and conspicuously in the consumer contract.
- 13 (b) Any person who sells or offers to sell any products or  
14 services to a consumer pursuant to a consumer contract that has  
15 a specified contract term of twelve months or more, under which  
16 the contract will automatically renew for a specified term of  
17 more than one month unless the consumer cancels the consumer  
18 contract, shall notify the consumer clearly and conspicuously:



- 1        (1) That the consumer contract will automatically renew  
2        unless the consumer cancels the contract;  
3        (2) How to cancel the contract; and  
4        (3) The deadline by which the consumer shall respond to  
5        cancel the consumer contract and prevent automatic  
6        renewal.

7        The notice provided to the consumer under this subsection shall  
8        be sent to the consumer no less than thirty days and no more  
9        than sixty days before the date upon which the consumer shall  
10       respond under paragraph (3).

11       (c) The notice to the consumer required by this section  
12       may be provided electronically if the:

- 13       (1) Transaction for sale of products or services was  
14       conducted electronically at the election of the  
15       consumer and in compliance with the requirements of  
16       chapter 489E, the uniform electronic transactions act;  
17       or  
18       (2) Consumer elects to receive electronic communications  
19       and provides a valid electronic-mail address for the  
20       purpose of receiving the notice required by this  
21       section.



1        (d) Any person who knowingly violates this section or who  
2        knowingly fails to cancel an automatic renewal contract upon  
3        consumer request shall be deemed to have engaged in an unfair  
4        method of competition and unfair or deceptive act or practice in  
5        the conduct of any trade or commerce within the meaning of  
6        section 480-2.

7        (e) This section shall not apply to any:

8        (1) Financial institution subject to chapter 412 to the  
9        extent that the financial institution is engaged in  
10       activities regulated pursuant to chapter 412; and

11       (2) Insurer subject to chapter 431, 432, or 432D to the  
12       extent that the insurer is engaged in activities  
13       regulated pursuant to those chapters.

14       (f) For purposes of this section:

15       "Clearly and conspicuously" means in larger type than the  
16       surrounding text; in contrasting type, font, or color to the  
17       surrounding text of the same size; or set off from the  
18       surrounding text of the same size by symbols or other marks in a  
19       manner that clearly calls attention to the language. In the  
20       case of an audio disclosure, "clear and conspicuous" and  
21       "clearly and conspicuously" mean in a volume and cadence  
22       sufficient to be readily audible and understandable.



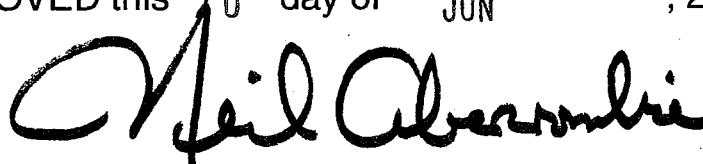
1       "Consumer" shall have the same meaning as in section  
2       480-1."

3       SECTION 2. This Act does not affect rights and duties that  
4       matured, penalties that were incurred, and proceedings that were  
5       begun before its effective date.

6       SECTION 3. New statutory material is underscored.

7       SECTION 4. This Act shall take effect upon its approval;  
8       provided that section 1 shall take effect on July 1, 2012.

APPROVED this 20 day of JUN, 2011

  
GOVERNOR OF THE STATE OF HAWAII

