

STAND. COM. REP. NO.

1223

Honolulu, Hawaii

APR 08 2011

RE: H.B. No. 663
H.D. 2
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 663, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose and intent of this measure is to require the clear and conspicuous disclosure of cancellation procedures for all consumer contracts and offers that contain automatic renewal provisions, with additional disclosure requirements for contracts with a term of twelve months or more.

This measure requires the clear and conspicuous disclosure of automatic renewal clauses and procedures by which consumers can cancel automatic renewals of consumer contracts. Your Committee finds that contracts containing automatic renewal clauses are designed to continuously renew unless a party proactive and takes an action to cancel the contract. The burden is generally placed on the consumer, who may not always notice the termination provisions. Because of this, consumers may contract for a period longer than anticipated or unwittingly find themselves contractually bound to something they do not want. According to the Office of Consumer Protection in testimony on this measure before the Committee on Commerce and Consumer Protection, at least eleven states have enacted legislation requiring clear disclosure at the inception of the contract and immediately prior to the renewal.



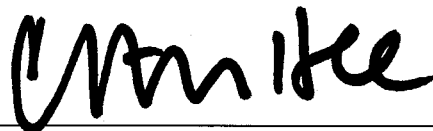
The intent of your Committee is to ensure that consumers are fully apprised of this important contractual obligation. This measure will satisfy those requirements by helping consumers at two critical junctures - at the inception of the contract and at the time of renewal of the contract.

Your Committee has amended this measure by:

- (1) Exempting any regulated insurer from the disclosure requirements under this measure to the extent that the insurer is engaged in activities regulated pursuant to the Insurance Code; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 663, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 663, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HB663, HD2, SD1	Committee Referral: CPN, JDL	Date: 4/8/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam	✓			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution: Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes