

# California to Tighten Rules for Automatic Renewals

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Seven years ago, we [posted](#) about a new law in California governing automatic renewals. The law generally requires that companies: (1) clearly disclose the material offer terms before a consumers subscribes; (2) obtain affirmative consent to the terms before the consumer is charged; (3) provide a confirmation to the consumer that includes the terms, a description of the cancellation policy, information on how to cancel, and, if the offer includes a free trial, that the consumer may cancel before being charged; and (4) provide an easy-to-use method for canceling. Since then, we've seen several lawsuits under the law, including [this one](#).

The state recently enacted a new law that adds additional requirements to the ones already on the books. Under the new law, companies will also be required to:

- Provide a clear and conspicuous explanation of the price that will be charged after the trial ends;



- Obtain consent before charging a consumer for an automatic renewal or continuous service that is made at a promotional or discounted price for a limited period of time;
- Disclose how to cancel automatic renewal prior to payment for the continuing service after a free trial; and
- Allow consumers to cancel online if they signed up online.

The new law isn't effective until July 1, 2018, so companies have time to make change their processes. But these changes can require a lot of planning and technological changes on the back end, so it makes sense to start thinking about them now. This is an area that gets a lot of attention from regulators and class action attorneys, so the consequences of getting things wrong can be significant.