

North Dakota Joins Other States Regulating Automatic Renewals

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Earlier this year, we posted about new laws governing automatic renewals in [DC](#) and [Vermont](#). Starting on July 31, 2019, companies also need to worry about a similar statute in North Dakota.

Under the new law, companies must generally (a) present the terms of the automatic renewal offer in a clear and conspicuous manner, (b) provide an acknowledgement that includes the terms of the offer and cancellation instructions, and (c) provide a simple and cost-effective cancellation method. In addition, for subscriptions that will automatically renew for a period of more than six months after the initial term, companies must provide a written reminder between 30 and 60 days prior to the end of the current subscription term. The reminder must inform the consumer that she can cancel the contract to avoid automatic renewal.

If a company fails to comply with the law, its contracts will be unenforceable, and any merchandise sent to a consumer will be considered to be “an unconditional gift” without any obligations. The law also provides a private right of action.

Companies that sell products or services through subscription models need to stay on top of this growing patchwork of laws that govern automatic renewals. Failure to do that could result in significant penalties, especially as states, the FTC, and class action attorneys increase their scrutiny.