

Stringent Automatic Renewal Law Set to Go Into Effect in VT

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June 24, 2019

On July 1, 2019, a new law governing automatic renewals will go into effect in Vermont. Although the law includes two provisions that are more stringent than those found in other state laws, the Vermont law is more limited in scope. It only applies to agreements with an initial term of one year or longer that renew for a subsequent term that is longer than one month.

The law includes two unique requirements:

- **Bold Disclosures:** Companies are required to “clearly and conspicuously” disclose “the terms of the automatic renewal provision in plain, unambiguous language in bold-face type.” Other states require “clear and conspicuous” disclosures, but Vermont is the first state to require the use of bold type.
- **Double Opt-In:** “In addition to accepting the contract,” a consumer must also take “an affirmative action to opt in to the automatic renewal provision.” Although some settlements have included similar requirements, this is the first time this type of requirement has been included in a statute.

Like many other state laws, the Vermont law also requires sellers to send a reminder notice between 30



-60 days prior to renewal. The notice must generally include: (a) the date the contract will automatically renew; (b) the length of the new term; (c) the methods by which the consumer can cancel; and (d) the seller’s contact information. Existing contracts that are in effect as of July 1, 2019 may not automatically renew, unless sellers provide a similar notice.

Companies who sell products or services using automatic renewal plans should pay close attention to these developments. As we’ve posted before, a growing number of [states](#) regulate how these plans can be structured, and there have been both [lawsuits](#) and [regulatory investigations](#) targeting companies that have failed to comply.