



**Testimony of**  
**American Property Casualty Insurance Association (APCIA)**  
**Senate Finance Committee**  
**Senate Bill 1040- Consumer Protection - Automatic Renewals**  
**March 13, 2024**

**Support with Amendments**

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 67.1% of the total property casualty insurance market in the U.S. APCIA appreciates the opportunity to provide written comments on SB 1040.

The bill adds a new section under Title 14 which provides for consumer protection to address automatic renewals. Automatic renewal is when a contract renews automatically at the end of its term without any action taken by the contracted parties and continues indefinitely until an act to cancel takes place. Nearly all subscription services use automatic renewals. Subscription models have become popular over the last decade with customers choosing the convenience of being automatically charged for continuous service (e.g., magazines, fitness centers, home security, music streaming, etc.) However, this convenience has occasionally been met with consumer frustration at the time of cancellation and/or at the surprise of continuous service when consumers consider a product to be no longer used.

A critical feature of many service contracts, insurance, and other products such as technical support, is a provision that allows the consumer contract to automatically renew at the end of each term and continue until cancelled (i.e., month-to-month, year-to-year, or continuous until cancelled). These types of contracts are oftentimes swept into the autorenewal laws targeted at other (generally unregulated) industries mentioned above that have historically made it hard for consumers to cancel.

Insurers are exempt from the Consumer Protection Act under 13-104 and we are looking for similar language for our industry and for providers of service contracts such as home warranties or extended warranties on vehicles. Insurers are already under the regulation of the Maryland Insurance Administration and therefore should be exempt from the proposed new provisions

We have been working with the sponsor on the bill and request the following amendments:

1. On page 2, in line 11, after “(A)” insert “(1)”; in the same line, strike “ANY” and substitute “A”; in line 12, before “PLAN” insert “A”; in the same line before “AGREEMENT” insert “AN”; and after line 14, insert:

“(2) “AUTOMATIC RENEWAL” INCLUDES A CONTRACT, PLAN, OR AGREEMENT FOR AN INITIAL TERM THAT IS LONGER THAN 1 MONTH THAT CONVERTS TO A CONTRACT, A PLAN, OR AN AGREEMENT THAT RENEWS ON A MONTHLY OR MORE FREQUENT BASIS AT THE EXPIRATION OF THE INITIAL TERM.

(3) “AUTOMATIC RENEWAL” DOES NOT INCLUDE A CONTRACT, A PLAN, OR AN AGREEMENT THAT RENEWS ON A MONTHLY OR MORE FREQUENT BASIS OR THE MONTHLY OR MORE

FREQUENT RENEWAL PORTION OF A CONTRACT, A PLAN, OR AN AGREEMENT THAT INCLUDES A TERM THAT IS LONGER THAN 1 MONTH.”.

. “2. ADD language to exempt insurance contracts that are regulated by the Maryland Insurance Administration:

(F) A BUSINESS THAT IS SUBJECT TO REQUIREMENTS FOR CONTRACT RENEWAL PROCEDURES UNDER THE RULES, REGULATIONS, PROCEDURES, OR GUIDELINES ESTABLISHED BY THE PRIMARY OR FUNCTIONAL FEDERAL OR STATE REGULATOR OF THE BUSINESS IS EXEMPT FROM THIS SECTION

With these amendments, APCIA urges the Committee to provide a favorable report on Senate Bill 1040.

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