

**Testimony of**  
**American Property Casualty Insurance Association (APCIA)**  
**House Economic Matters Committee**  
**House Bill 1049- Consumer Protection - Automatic Renewals**  
**February 27, 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 HB 1049.

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 are asking for the following language which is similar to language used in Virginia:

A. The following are exempt from the requirements of this article:

1. Any insurer or entity regulated under the Maryland Insurance Administration.
2. Any person or entity providing service contracts as defined pursuant to section 14-401 of the Commercial Law.

B. “Automatic renewal” means any contract, plan, or agreement between a consumer and a seller in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term **OF MORE THAN 30 DAYS** for a subsequent term.

Another concern we have is that the notice requirement under section (C)(1) would apply to all auto renew offers, but terms under a year are not addressed. We are hoping that the intent is for this to apply to terms of one year and free trial offers.

See proposed language: “A person that makes an automatic renewal offer **WITH AN INITIAL TERM OF AT LEAST ONE YEAR** or an offer that includes a free gift or trial shall . . .”

With these amendments, APCIA urges the Committee to provide a favorable report on House Bill 1049.

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