

Sweeping New Automatic Renewal Law to Take Effect in New York in February 2021

“Consumers have come to expect – indeed, to welcome – automatically renewing contracts. That is true now more than ever, as the regular replenishment of certain household goods has gone from being a matter of convenience to a matter of survival,” write Michael P. Daly, Matthew J. Adler and Antoinette Snodgrass in *Faegre Drinker’s Insights*.

“Yet the regulation of such contracts has become Balkanized by byzantine state automatic renewal laws (ARLs). Dozens of ARLs across the country impose overlapping and sometimes conflicting conditions on, for example, how terms must be disclosed, how consent must be obtained and how termination must be permitted. While some statutes apply only to certain kinds of contracts, the recent trend has been to sweep more and more contracts within their scope. And not surprisingly, the plaintiffs’ bar has responded by invoking – and sometimes distorting – the broadest and most comprehensive ARLs in a growing number of consumer class actions.”

“On November 11, 2020, New York joined the growing list of states with a sweeping ARL that could give rise to such suits. Bill S1475A – which was just signed into law by Governor Cuomo – is a dramatic departure from New York’s original ARL. Indeed, it adopts many of the features of California’s ARL, which is one of the most onerous ARLs in the country, and which has been the subject of considerable class action litigation. The new ARL will take effect in February 2021. Below, we briefly discuss New York’s original ARL and the new law.”

Read the article.