AN ACT CONCERNING CONSUMER CONTRACTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 42-150u of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

(a) No provision in a written contract for the purchase or lease of goods or services primarily for personal, family or household purposes that provides for the payment of liquidated damages in the event of a breach of the contract shall be enforceable unless (1) the contract contains a statement in boldface type at least twelve points in size immediately following such liquidated damages provision stating "I ACKNOWLEDGE THAT THIS CONTRACT CONTAINS A LIQUIDATED DAMAGES PROVISION", and (2) the person against whom such provision is to be enforced signs such person's name or writes such person's initials next to such statement. Nothing in this section shall validate a clause that is a penalty clause or is otherwise invalid under the law of this state.

(b) If a consumer who is sixty years of age or more dies during the
term of a consumer contract or consumer lease, the consumer contract or consumer lease shall be deemed terminated upon the consumer's death and any penalty provision contained within the contract or lease regarding early termination shall be unenforceable and unreasonable pursuant to section 42-421.

[(b) (c)] (c) The provisions of subsection (a) of this section shall not apply to (1) contracts between a consumer and an agency of the state or any political subdivision of the state or of the federal government, (2) negotiable instruments, (3) contract provisions for late fees, prepayment penalties or default interest rates, (4) contracts originated or held by an institution, or any subsidiary or affiliate of such institution, that is regulated by the Department of Banking or by a federal bank regulatory agency, provided, in the case of a contract originated or held by a subsidiary or affiliate of such institution, the subject matter of the contract is an activity that is financial in nature or incidental to such an activity as described in the Bank Holding Company Act, 12 USC 1843(k)(4), and (5) contracts originated or held by a person, firm or corporation licensed by the Department of Motor Vehicles in accordance with the provisions of section 14-52 or 14-67a.

Sec. 2. Section 42-152 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

(a) Every consumer contract entered into after June 30, 1980, shall be written in plain language. A consumer contract is written in plain language if it: meets either the plain language tests of subsection (b) of this section, or meets the alternate objective tests of subsection (c) of this section, or (3) for a consumer contract entered into on or after July 1, 2017, with a consumer who is sixty-five years of age or older, meets the requirements of subsection (d) of this section. A consumer contract need not meet the tests of both subsections.

(b) A consumer contract is written in plain language if it substantially complies with all of the following tests:
(1) It uses short sentences and paragraphs; and

(2) It uses everyday words; and

(3) It uses personal pronouns, the actual or shortened names of the parties to the contract, or both, when referring to those parties; and

(4) It uses simple and active verb forms; and

(5) It uses type of readable size; and

(6) It uses ink which contrasts with the paper; and

(7) It heads sections and other subdivisions with captions which are in boldface type or which otherwise stand out significantly from the text; and

(8) It uses layout and spacing which separate the paragraphs and sections of the contract from each other and from the borders of the paper; and

(9) It is written and organized in a clear and coherent manner.

(c) A consumer contract is also written in plain language if it fully meets all of the following tests, using the procedures described in section 42-158:

(1) The average number of words per sentence is less than twenty-two; and

(2) No sentence in the contract exceeds fifty words; and

(3) The average number of words per paragraph is less than seventy-five; and

(4) No paragraph in the contract exceeds one hundred fifty words; and

(5) The average number of syllables per word is less than 1.55; and
(6) It uses personal pronouns, the actual or shortened names of the parties to the contract, or both, when referring to those parties; and

(7) It uses no typeface of less than eight points in size; and

(8) It allows at least three-sixteenths of an inch of blank space between each paragraph and section; and

(9) It allows at least one-half of an inch of blank space at all borders of each page; and

(10) If the contract is printed, each section is captioned in boldface type at least ten points in size. If the contract is typewritten, each section is captioned and the captions are underlined; and

(11) It uses an average length of line of no more than sixty-five characters.

(d) Senior protection test. A consumer contract for consumers sixty-five years of age or older is written in plain language if it fully meets all of the following tests:

(1) The font size is larger than 10 points;

(2) The contract expressly allows consumers to receive notifications by mail or electronic mail, at the discretion of the consumer; and

(3) The right to cancellation is not less than five days.

Sec. 3. Section 42-280 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

As used in this section and sections [42-280] 42-281 to 42-283, inclusive:

(1) "Diet company" means any person, except a hospital, engaged in the business of selling a product or service, the primary purpose of which is to cause weight loss in the person who uses the product or
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service, but does not include (A) any retailer whose sales of the diet product or service is less than fifty per cent of the total sales of the establishment, or (B) any health club or other business whose primary focus is on fitness;

(2) "Weight loss company" means any person, except a hospital, that sells a product or service, the primary purpose of which is to cause weight loss in the person who uses the product or service;

[(2)] (3) "Consumer" means a person who uses a diet company to cause weight loss; [and]

[(3)] (4) "Diet program" means any service offered by a diet company to a consumer, the purpose of which is to reduce the weight of the consumer primarily through a restricted diet; and

(5) "Weight loss program" means any service offered by a diet company or a weight loss company, the purpose of which is to reduce weight of a person through a restricted diet, supplements, additional exercise, electric stimulation or pressure point treatment.

Sec. 4. (NEW) (Effective July 1, 2017) No diet company, weight loss company or person advertising or soliciting for any diet program or weight loss program shall make any guarantee, promise or claim that weight loss will occur for a person or a certain number of pounds will be lost by a person, unless the person advertising or soliciting possesses and relies upon competent and reliable scientific evidence substantiating the representation and uses a representative sampling of consumers who have properly used the product or service under the person's direction for more than two weeks, but not including consumers who were unable to use the product or service for the recommended period of time, due to illness, pregnancy or change of residence.

Sec. 5. Section 42-321 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):
(a) Each contract for social referral services shall provide that such contract may be cancelled within three business days after the date of receipt by the buyer of a copy of the written contract or three business days after the social referral service is made available to the buyer, whichever is later, by written notice, delivered by certified or registered United States mail to the seller at an address which shall be specified in the contract.

(b) (1) In every contract for social referral services, the seller shall furnish to the buyer a fully completed copy of such contract at the time of its execution, which shows the date of the transaction and contains the name and address of the seller, and in the immediate proximity to the space reserved in the contract for the signature of the buyer and in not less than ten-point bold face type, a statement in substantially the following form:

"YOU, THE BUYER, MAY CANCEL THIS CONTRACT AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER YOUR RECEIPT OF THIS CONTRACT OR AFTER THE SOCIAL REFERRAL SERVICE HAS BEEN MADE AVAILABLE FOR YOUR USE, WHICHEVER IS LATER. SEE THE ATTACHED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT."

(2) At the time the buyer signs the social referral service contract, a statement captioned "NOTICE OF CANCELLATION" shall be contained in the contract and shall contain, in not less than ten-point bold face type, the following information and statements:

"NOTICE OF CANCELLATION

.... (Date of Transaction)

YOU MAY CANCEL THIS CONTRACT, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN THREE BUSINESS DAYS AFTER YOUR RECEIPT OF THIS CONTRACT OR AFTER THE SOCIAL REFERRAL SERVICE HAS BEEN MADE AVAILABLE FOR
YOUR USE, WHICHEVER IS LATER BY MAILING THIS SIGNED AND DATED NOTICE OF CANCELLATION BY CERTIFIED OR REGISTERED UNITED STATES MAIL TO THE SELLER AT THE FOLLOWING ADDRESS: .... . IF YOU CANCEL, ANY PAYMENTS MADE BY YOU UNDER THE CONTRACT WILL BE RETURNED WITHIN TEN BUSINESS DAYS FOLLOWING RECEIPT BY THE SELLER OF YOUR CANCELLATION NOTICE."

(3) All moneys paid pursuant to any contract for social referral services shall be refunded within ten business days of receipt of the notice of cancellation.

(4) No contract for social referral services shall charge more than the maximum fee established by regulations adopted by the commissioner pursuant to subsection (c) of this section. Services to be rendered to the purchaser under the contract may extend over a period not to exceed two years from the date the contract is entered into.

(5) Each contract for social referral services that requires payment by the purchaser of such services of a total amount in excess of twenty-five dollars shall provide that the seller of such services furnish to the purchaser a specified number of social referrals per month.

(6) Each contract for social referral services that requires payment by the purchaser of such services of a total amount in excess of twenty-five dollars shall provide that, in the event that the seller of such services does not furnish to the purchaser the specified certain number of social referrals for two or more successive months, the purchaser shall have the option to cancel the contract and to receive a refund of all moneys paid pursuant to the contract and the seller shall be entitled to retain as a cancellation fee fifteen per cent of the cash price of the contract or a pro rata amount for the number of referrals furnished to the purchaser, whichever is greater.

(c) The Commissioner of Consumer Protection shall adopt regulations, in accordance with the provisions of chapter 54, to

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189 establish maximum fees for social referral services contracts.

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**Statement of Purpose:**
To protect seniors who enter into consumer contracts and to protect persons who enter into weight loss program and social referral service contracts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]