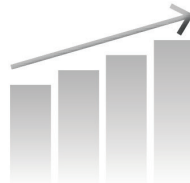


Be Smart.



Be Strategic.



Be Secure.



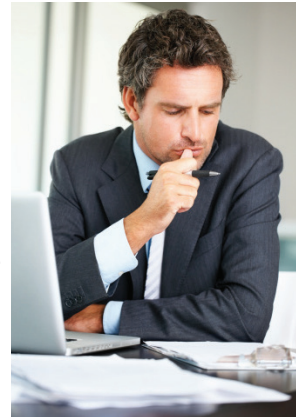
Plan For Liability With Security America RRG

Insurance Specific To Your Industry

Contracts. Every industry attorney and consultant will tell you the same thing: Your contracts are the assets of your business. A well-worded, standard industry contract will provide you with the protection you must have when doing business in the security industry.

But are they really necessary?

Yes. Every alarm company needs to have written contracts with its customers. It is unlikely that your company will be able to get insurance from a reputable insurance carrier (especially one knowledgeable about the alarm industry) unless you have written contracts containing certain key provisions. Another important reason to have a written contract is to facilitate your company's ability to obtain financing. Finally, having written contracts just makes good business sense. Contrary to popular belief, a customer contract is important, not because it may some day help you win a lawsuit, but because it helps your company avoid lawsuits on a continuing basis.



Now that we've established that customer contracts are necessary - let's go over some contract basics...

Essential terms and conditions of any good customer contract

While no two states have identical laws, and no two companies operate the same way, it is still possible to identify those terms and conditions that should be included, or at least considered, in writing a customer contract.



- **Limitation of liability/liquidated damages**

In any business, it is inevitable that something occasionally goes wrong. In the alarm business, that "something" can mean that valuable property may be stolen, that people may be injured or killed, or that homes may be damaged or destroyed. It is essential, therefore, that your company make every effort to limit its liability to the greatest extent possible. Contracts approach this issue in one of two ways: a limitation of liability provision or a liquidated damages provision. Regardless of which provision your company chooses to use, such a provision should appear on the contract in large, bold print.

- **Third-party indemnification**

In attempting to limit the liability of your company, it is also important that the customer agree to indemnify and defend your company against any claims brought by third parties (including the customer's insurance company) in connection with the operation or monitoring of the customer's alarm system.

- **Three-day notice of cancellation**

Any consumer contract entered into as a result of a door-to-door sale must include a provision advising the customer of his or her right to cancel the contract at any time before midnight of the third business day after the sale. This right is provided to consumers any time any type of sale of goods or services is made to them any place other than your place of business. A statement regarding the customer's right to cancel and a sentence advising the customer to review the attached notice of cancellation must appear in bold print on the first page of the contract, in immediate proximity to the customer's signature.

- **Payments, Charges and Fees**

If the customer is purchasing the system, the contract should clearly set forth the amount the customer has agreed to pay for the system (even in a sale, however, the contract should always provide that you retain ownership of the transmitting device/digital communicator).

Stay tuned for more essential terms and conditions of any good customer contract...