

INFORMATION FOR CONSUMERS ABOUT SECURITY ALARM SYSTEMS

A security alarm system can provide consumers with a sense of well-being; the opposite is true when consumers feel pressured into buying an alarm system, to buy without first considering important information like installation and permitting, or to change companies without first reading the fine print on the contract. The Regulated Industries Complaints Office (RICO) finds this alarming and offers the following information for consumers:



Are alarm companies licensed? While alarm companies are not licensed, Hawaii law requires individuals and companies who sell, service, and install alarm systems in buildings, places, and premises, maintain a \$5,000 surety bond during their first five years of operation in the State. Injured and aggrieved parties can take action on the bond. Hawaii law also requires these individuals and companies keep accurate and up-to-date business records, share data with police about false alarms, and post information about maintenance, service, and monitoring on or near the system itself. Persons who violate the law may be fined and/or ordered to pay restitution. (For more information about alarm company requirements, see Hawaii Revised Statutes 436M.)

Is a professional license required to *install* an alarm system? Depending on the type of system, you may need to hire a licensed professional to install it. (A license isn't required to install alarm systems on motor vehicles, boats or airplanes, and a license is not required to install battery-operated smoke/fire detection devices.) Use the following chart from the Hawaii Contractors License Board and the Hawaii Board of Electricians and Plumbers to see if a licensed contractor or licensed electrician is required for your project:

	Is a Contractor's License required?	Is an Electrician's License required?
A wireless, plug-in type alarm system (e.g. a system with no hard wiring)	NO	NO
A pre-wired alarm system that is plugged into an existing electrical system, or, a system with a pre-manufactured, male-female "pigtail" that requires no hard wiring	NO	NO
An alarm system with any hard wiring (i.e. even one single wire connected to a control panel or keyboard) <i>where the total job (including monitoring and equipment) is \$1000 or less</i>	NO	YES
An alarm system with any hard wiring (i.e. even one, single wire connected to a control panel or keyboard) <i>where the total job (including monitoring and equipment) is more than \$1000</i>	YES	YES

For questions about whether a license is required and what type, call the Contractors License Board at **(808) 586-2700**, or the Board of Electricians and Plumbers at **(808) 586-2705**.

What permits are required? A building permit may be required for electrical work that may be performed when installing an alarm system in your home. **Contact your local building permit office to ask if a building permit is required where you live.** An alarm permit may be required to operate an alarm system in your home so be sure to contact your local law enforcement agency to ask if an alarm permit is required where you live.

Monitoring agreements. There are different types of security systems. With a **monitored system**, the system sends a signal over a landline or wireless connection to an alarm company; the alarm company can then notify the police or fire department. Consumers pay for the monitoring service. **Unmonitored systems** are not monitored by an alarm company, and usually set off a loud siren inside and outside of the house when the alarm is tripped; some systems may call or alert you directly. There are also automated "smart home" options for automated locks, surveillance cameras, home security systems, and the like. No matter what option you choose, be sure to get as much information as possible and make sure you understand any recurring costs involved.

A good place to start. RICO recommends consumers start by first assessing their needs and then getting as much information as possible about the different types of systems and options available. Once you have a general idea of what you're looking for, check to see what's involved, including if permits are required or if a licensed contractor or electrician will be needed for installation. If a licensed contractor or electrician is needed for installation, confirm licensing and check for complaints by calling **(808) 587-4CRC** or online at **cca.hawaii.gov/rico/business_online**.

*The following information is from an article by the Federal Trade Commission: "Some Home Security Systems May Be Scams." The entire article can be found at: **consumer.ftc.gov/articles/0195-some-home-security-systems-may-be-scams**.*

Home Security System Scams. During the spring and summer months, home security or alarm companies hire traveling sales agents to go door-to-door, making unsolicited "cold calls" on homeowners. In some cases, the salespeople use high-pressure or deceptive sales tactics to get potential customers to buy expensive, and sometimes substandard, systems or equipment they don't need. Unscrupulous door-to-door sales agents use a variety of approaches and pitches to get you to buy an alarm system and monitoring services. If you have an existing alarm:

- The sales agents may state or imply that they are from your existing security company and that they're there to "upgrade" or "replace" your current security system. Once inside your home; however, they may install a new security system and have you sign papers that include a costly contract for the monitoring service.
- They may claim your security company has gone out of business, that they've taken over the accounts, and that you have to buy new equipment and sign new contracts. If this happens, call your current monitoring company to confirm. Normally, you would be notified of a change like this by mail or telephone; not by an unannounced visit by a representative from another company. If you're going to switch, be sure to thoroughly check out the new company and be sure you know what you need to do to terminate your existing contract.

Additional questions to ask:

- Who will perform the installation and monitor the system? (Some companies subcontract this work.)
- What is the contract period for monitoring? One year? More? Are there penalties for early termination?
- How much does the monitoring cost? How often will you be billed?
- Does the company call you before notifying the police? How soon after the alarm sounds will you be notified and what happens if the alarm company can't reach you?
- What happens if the power goes out? Is there a back-up battery system?
- What does the warranty cover, and for how long? Who is responsible for repairs or upgrades?

Read the fine print. Once you've chosen a company, make sure the written contract includes all oral promises made by the salesperson. Remember, any contract should be dated and include the seller's name and address. Your contract package should include information including the installation price, the monthly or quarterly monitoring fee, the contract period, any discounts, a written warranty, the owner's manual, an explanation of your rights to cancel the deal, and cancellation forms. *Ask if the individual or company is bonded.*

About Hawaii's door-to-door sale's law. A door-to-door sale is a sale of goods or services, solicited in person, and bought or signed for by the buyer, at a place other than the seller's business address. Under Hawaii's law on door-to-door sales, a buyer is entitled to a full refund, if a cancellation notice is sent in writing within three business days. For additional information, go to **cca.hawaii.gov/blog/door-to-door-sales**. And, be wary of any offers that require immediate action on your part; if a product or service is legitimate it should still be there tomorrow.

This brochure is for informational purposes only and not intended for the purposes of providing legal advice. Information provided is subject to change. Printed material can be made available for individuals with special needs in Braille, large print or audio tape. Submit requests to the RICO Complaints and Enforcement Officer at (808) 586-2666.