

LEGAL-EASE



More A's to FAQ's

[Under the leadership of our Immediate Past-President, Stephen Marvin, the SCSA has been on a long-term project to upgrade our website, www.SCSAonline.com. One of the new features will be a "Frequently Asked Questions" (FAQ's) section. For the next few months, we will be publishing selections from the website's new FAQ section. This is no. 2 in the series.]

Q: My clients object to the 3rd party indemnification clause. Can I just cross it out?

A: Like the other clauses in your agreement, that clause is there for a purpose – and it's near the top of the list of the most important clauses in your agreement. If some third party is injured while on your client's premises, or has their property damaged, destroyed or stolen while there, do you want to pay for their loss (much less your client's) if a claim is made that the alarm system failed to protect them? Your client carries insurance for that purpose, and it is their insurance policy that should compensate their "visitor" for those types of losses – not you or your insurance policy. We recommend **never** agreeing to delete the third-party indemnification clause from your agreement, even if it means potentially losing the business. Let some other alarm company go for the short-term gain, while foolishly jeopardizing their entire business if something goes wrong. (Remember "Murphy's Law"!) At the very least, consult your attorney or insurance advisor for some alternative language.

Q: Do I really need to get the 3-day right of rescission notice signed? What if I don't?

A: If it's a residential installation, you absolutely need to **deliver** the three-day notice – **in duplicate** according to the California Civil Code – to your customer. If you don't, that customer has the right (until three days after you actually deliver them the notice, if ever) to completely rescind their contract with you. That includes voiding the "limitation of liability" and "third party indemnification" clauses that are your first line of protection against customer and third party lawsuits. We believe it's the "best practice" to have your customer **sign an acknowledgment** that they received the notice. That way you can keep a copy in your files to "prove" that you complied with the requirement if someone later makes a claim.

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