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|------|------------------|----------------|--------------|-----------------|------------------|--------------|--|
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|------|------------------|----------------|--------------|-----------------|------------------|--------------|--|

Code: Section:

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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 3. PROFESSIONS AND VOCATIONS GENERALLY [5000 - 9998.11] (*Heading of Division 3 added by Stats. 1939, Ch. 30.)*

CHAPTER 11.6. Alarm Companies [7590 - 7599.80] (*Chapter 11.6 added by Stats. 1982, Ch. 1210, Sec. 12.)*

ARTICLE 12. Alarm Company Operators—Conduct of Business, Prohibited Acts and Citations [7599.30 - 7599.59] (*Article 12 added by Stats. 1982, Ch. 1210, Sec. 12.)*

7599.30. The director may assess fines for any violation as enumerated in this article, pursuant to Section 7591.9.

Assessment of administrative fines shall be independent of any other action by the bureau or any local, state, or federal governmental agency which may result from a violation of this article.

(*Added by Stats. 1982, Ch. 1210, Sec. 12.*)

7599.31. For purposes of this article, "licensee" means an alarm company operator. A licensee shall at all times be responsible for those actions of his or her employees, including his or her qualified manager, performed in violation of this chapter, when acting within the course and scope of his or her employment.

(*Added by Stats. 1982, Ch. 1210, Sec. 12.*)

7599.32. (a) A licensee shall notify the bureau within 30 days of any change of its officers, members, or managers required to be named pursuant to Section 7593.4 or 7593.5 and of any addition of a new partner.

(b) Applications, on forms prescribed by the director, shall be submitted by all new officers, members, managers, and partners. The director may suspend or revoke a license issued under this chapter if the director determines that the new officer, member, manager, or partner has committed any act which constitutes grounds for the denial of a license pursuant to Section 7591.10.

(c) A notice of warning may be issued for the first violation of this section and a fine of five hundred dollars (\$500) for each subsequent violation.

(*Amended (as amended by Stats. 2016, Ch. 800, Sec. 59) by Stats. 2018, Ch. 406, Sec. 20. (SB 904) Effective January 1, 2019.*)

7599.33. A licensee shall not conduct business, as defined in Section 7599.20, from any location other than that location for which a license or branch office registration was issued. A violation of this section may result in a fine of five hundred dollars (\$500) for the first violation of this section and a fine of one thousand dollars (\$1,000) for each subsequent violation.

(*Amended by Stats. 2016, Ch. 800, Sec. 61. (SB 1196) Effective January 1, 2017.*)

7599.34. (a) A licensee shall not conduct a business as an individual, partnership, limited liability company, or corporation unless the licensee holds a valid license issued to that exact same individual, partnership, limited liability company, or corporation. A violation of this section may result in a fine of five hundred dollars (\$500) for each violation.

(b) As a condition of the issuance, reinstatement, reactivation, or continued valid use of a license under this chapter, a limited liability company shall, in accordance with the provisions of this section, maintain a policy or policies of insurance against liability imposed on or against it by law for damages arising out of claims based upon acts, errors, or omissions arising out of the alarm company services it provides.

(c) The total aggregate limit of liability under the policy or policies of insurance required under this section shall be as follows:

(1) For a limited liability company licensee with five or fewer persons named as members pursuant to Section 7593.5 or 7599.32, the aggregate limit shall not be less than one million dollars (\$1,000,000).

(2) For a limited liability company licensee with more than five persons named as members pursuant to Section 7593.5 or 7599.32, an additional one hundred thousand dollars (\$100,000) of insurance shall be obtained for each person named as members of the licensee except that the maximum amount of insurance is not required to exceed five million dollars (\$5,000,000) in any one designated period, less amounts paid in defending, settling, or discharging claims as set forth under this section.

(d) Prior to the issuance, reinstatement, or reactivation of a limited liability company license as provided under this chapter, the applicant or licensee shall, in the manner prescribed by the bureau, submit the information and documentation required by this section and requested by the bureau, demonstrating compliance with the financial security requirements specified by this section.

(e) For any insurance policy secured by a licensee in satisfaction of this section, a Certificate of Liability Insurance, signed by an authorized agent or employee of the insurer, shall be submitted electronically or otherwise to the bureau. The insurer issuing the certificate shall report to the bureau the following information for any policy required under this section: name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable. The insurer shall list the bureau as the certificate holder for the purposes of receiving notifications related to the policy's status.

(f) (1) If a licensee fails to maintain sufficient insurance as required by this section, or fails to provide proof of the required insurance upon request by the bureau, the license is subject to suspension and is automatically suspended pursuant to this subdivision until the date that the licensee provides proof to the bureau of compliance with the insurance coverage requirement.

(2) Prior to an automatic suspension, the bureau shall notify the licensee, in writing, that the licensee has 30 days to provide proof to the bureau of having the required insurance or the license shall be automatically suspended.

(3) If the licensee fails to provide proof of insurance coverage within the period described in paragraph (2), the bureau may automatically suspend the license.

(g) Where the license of a limited liability company is suspended pursuant to subdivision (f), each member of the limited liability company shall be personally liable up to one million dollars (\$1,000,000) each for damages resulting to third parties in connection with the company's performance, during the period of suspension, of any act or contract where a license is required by this chapter.

(h) On and after January 1, 2019, a licensee organized as a limited liability company shall report annually to the bureau the date and amount of any claims paid, during the prior calendar year, from any general liability insurance policy held pursuant to this section. The licensee shall report the information on a form provided by the bureau. The licensee shall report the claim information no later than March 1. The creation of the form shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(Amended (as amended by Stats. 2016, Ch. 800, Sec. 62) by Stats. 2018, Ch. 406, Sec. 22. (SB 904) Effective January 1, 2019.)

7599.345. Notwithstanding any other law, commencing January 1, 2030, a licensee shall not conduct business under this chapter as a limited liability company.

(Amended by Stats. 2024, Ch. 484, Sec. 47. (SB 1454) Effective January 1, 2025.)

7599.36. (a) Each licensee shall maintain a file or record containing the name, address, commencing date of employment, and position of each employee, and the date of termination. Those files and records shall be retained during the time of employment and for a period of not less than two years thereafter, and, together with usual payroll records, shall be available for inspection by the bureau, and copies thereof and information pertaining thereto or contained therein shall be submitted to the bureau upon written request. A violation concerning the maintenance of the files or records may result in a fine of two hundred fifty dollars (\$250) for each violation.

(b) A failure of a licensee to respond to the bureau's request to forward copies of the files or records and information pertaining thereto or contained therein within 30 days of the bureau's request may result in a fine of two hundred fifty dollars (\$250) for each violation.

(Amended by Stats. 2016, Ch. 800, Sec. 64. (SB 1196) Effective January 1, 2017.)

7599.37. (a) Each licensee shall maintain an accurate and current record of proof of completion of the course of training in the exercise of the power to arrest and the appropriate use of force as required by Section 7598.1, by each of their employees. A violation of this section may result in a fine of five hundred dollars (\$500) for each violation.

(b) This section shall become operative on July 1, 2023.

(Amended (as added by Stats. 2021, Ch. 697, Sec. 34) by Stats. 2022, Ch. 287, Sec. 55. (AB 2515) Effective January 1, 2023. Operative July 1, 2023, by its own provisions.)

7599.38. (a) Each licensee shall certify an employee's completion of the course of training in the exercise of the power to arrest and the appropriate use of force, or obtain proof that the training has been administered by a bureau-approved training facility, prior to

allowing the employee to respond to an alarm system as required by Section 7598.1. A violation of this section may result in a fine of five hundred dollars (\$500) for each violation.

(b) This section shall become operative on July 1, 2023.

(Amended (as added by Stats. 2021, Ch. 697, Sec. 36) by Stats. 2022, Ch. 287, Sec. 57. (AB 2515) Effective January 1, 2023. Operative July 1, 2023, by its own provisions.)

7599.39. Within three working days, each licensee shall verify proof of current and valid registration issued by the bureau for each employee who is subject to registration, or shall require an employee to complete and submit an application for registration after employing an individual who does not possess a current and valid registration from the bureau. "Within three working days" means 72 hours from the time an employee is first compensated for alarm agent services for a licensee. A violation of this section may result in a fine of twelve dollars (\$12) for the first 10 violations and fifty dollars (\$50) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.40. A licensee shall not allow any employee to carry a firearm or other deadly weapon without first ascertaining that the employee is proficient in the use of each weapon to be carried. A current and valid firearm qualification card which indicates the specific caliber of the firearm which may be carried shall be deemed evidence of proficiency. A firearm qualification permit is not valid unless the employee holds a valid, current registration card. With respect to other deadly weapons, evidence of proficiency shall include a certificate from a training facility, certifying that the employee is proficient in the use of that particular deadly weapon. A violation of this section may result in a fine of two thousand five hundred dollars (\$2,500) for each violation.

(Amended by Stats. 2016, Ch. 800, Sec. 67. (SB 1196) Effective January 1, 2017.)

7599.41. A licensee shall maintain an accurate and current record of all firearms or other deadly weapons that are in the possession of the licensee, or of any employee of the licensee, while on duty. The record shall contain the make, model, and serial number, or a description of any other deadly weapon, and the name of the person who has title of ownership. A violation of this section may result in a fine of five hundred dollars (\$500) for each violation.

(Amended by Stats. 2016, Ch. 800, Sec. 68. (SB 1196) Effective January 1, 2017.)

7599.42. Within seven days after any violent incident involving a dangerous weapon that has been caused by or occurred upon a licensee or any officer, partner, member, manager, qualified manager, or employee of a licensee, while acting within the course and scope of his or her employment, and that results in bodily injury to any person or death of any person involved in that incident or of any discharge of a weapon, excluding any discharge which occurs on the range, the licensee or his or her qualified manager shall mail or deliver to the chief a detailed report of the incident. The report shall describe fully the circumstances surrounding the incident, any injuries or damages incurred, the identity of all participants, and whether a police investigation was conducted. A violation of this section by a licensee, officer, partner, member, or manager of a licensee, or qualified manager may result in a fine of one thousand dollars (\$1,000) for the first violation and two thousand dollars (\$2,000) for each subsequent violation. A violation of this section by an employee of a licensee may result in a fine of five hundred dollars (\$500) for each violation.

(Amended (as amended by Stats. 2016, Ch. 800, Sec. 69) by Stats. 2018, Ch. 406, Sec. 26. (SB 904) Effective January 1, 2019.)

7599.43. Within seven days after receiving a final civil court judgment filed against the licensee or any officer, partner, member, manager, qualified manager, or employee of a licensee for an amount of more than five hundred dollars (\$500) pertaining to any act done within the course and scope of his or her employment that may be in violation of this chapter, the licensee or his or her qualified manager shall mail or deliver to the chief a copy of the judgment. A violation of this section may result in a fine of twenty-five dollars (\$25) for the first violation and one hundred dollars (\$100) for each subsequent violation.

(Amended (as amended by Stats. 2015, Ch. 140, Sec. 19) by Stats. 2018, Ch. 406, Sec. 28. (SB 904) Effective January 1, 2019.)

7599.44. (a) Every advertisement by a licensee soliciting or advertising business shall contain the licensee's name and license number as they appear in the records of the bureau.

(b) If a licensee maintains an internet website, any radio or television broadcast or billboard advertisement by the licensee soliciting or advertising business may direct potential customers to the licensee's online landing pages for the required information in subdivision (a).

(c) A violation of this section may result in a fine of five hundred dollars (\$500) for the first violation and one thousand dollars (\$1,000) for each subsequent violation.

(Amended by Stats. 2021, Ch. 373, Sec. 1. (AB 484) Effective January 1, 2022.)

7599.45. A licensee or employee of a licensee shall not enter any private building or portion thereof, excepting premises open to the public, without the consent of the owner or the person in legal possession thereof. A violation of this section may result in a fine of one hundred dollars (\$100) for each violation.

(Amended by Stats. 2016, Ch. 800, Sec. 72. (SB 1196) Effective January 1, 2017.)

7599.46. No licensee shall aid and abet an unlicensed alarm company operator in any activity for which a license is required. A violation of this section may result in a fine of one thousand dollars (\$1,000) for each violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.47. No licensee shall transfer his or her license. This means that no licensee shall permit an employee or agent, in his or her own name, to advertise, engage clients, furnish reports or present bills to clients, or in any manner perform any activities for which a license is required under this chapter. A violation of this section may result in a fine of one thousand dollars (\$1,000) for each violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.48. No licensee, or officer, partner, member, manager, qualified manager, or employee of a licensee, shall knowingly make any false report to his or her employer or client for whom information is being obtained. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation, and five hundred dollars (\$500) for each subsequent violation.

(Amended (as amended by Stats. 2015, Ch. 140, Sec. 21) by Stats. 2018, Ch. 406, Sec. 30. (SB 904) Effective January 1, 2019.)

7599.49. No licensee shall abandon the completion of any installation of an alarm system without legal excuse. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and five hundred dollars (\$500) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.50. No licensee shall willfully depart from or disregard any plans or specifications, or in the absence of specific requirements, within the plans or specifications of accepted trade standards for good and workerlike construction in any material respect and prejudicial to another, without consent of the owner or his or her duly authorized representative, and without the consent of the person entitled to have the particular installation of alarm system substantially completed in accordance with such plans and specifications. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and five hundred dollars (\$500) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.51. No licensee shall willfully or deliberately disregard any building laws, safety law, or labor laws of the state or any political subdivision thereof. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and five hundred dollars (\$500) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.52. No licensee shall fail in any material respect to complete any alarm system installation for the price stated in the contract for the alarm system. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and five hundred dollars (\$500) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.53. No licensee shall willfully refuse, without legal excuse, to pursue the installation of an alarm system with reasonable diligence, causing material injury to another. A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and five hundred dollars (\$500) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.54. (a) Except as provided by Section 7599.56, every agreement, including, but not limited to, lease agreements, monitoring agreements, and service agreements, including all labor, services, and materials to be provided for the installation of an alarm system, shall be in writing. Except as provided by Section 7599.56, all amendments subject to the provisions of this section to an initial agreement shall be in writing. Each initial agreement shall contain, but not be limited to, the following:

- (1) (A) The name, business address, business telephone number, and, except as provided in subparagraphs (B) and (C), license number of the licensed alarm company operator and the name and registration number of any alarm agent who solicited or negotiated the agreement.

(B) An alarm agent that is working with a temporary registration pursuant to Section 7598.7 shall include the application number in lieu of the registration number.

(C) This paragraph does not apply to an agreement that was not solicited or negotiated by a registered alarm agent.

(2) The approximate dates when the work will begin and be substantially completed.

(3) A description of the work to be done, a description of the materials to be used, and the agreed consideration for the work.

(4) A disclosure that alarm company operators are licensed and regulated by the Bureau of Security and Investigative Services, Department of Consumer Affairs, including the bureau's current address and contact information.

(5) A description of the alarm system including the major components thereof and services to be provided to the purchaser once the alarm is installed, including response or monitoring services, if any.

(6) Other matters agreed to by the parties of the contract. The agreement shall be legible and shall be in a form as to clearly describe any other document which is to be incorporated into the contract, and, before any work is done, the client shall be furnished with a copy of the written agreement signed by the licensee.

(7) A statement setting forth that upon completion of the installation of the alarm system, the alarm company shall thoroughly instruct the purchaser in the proper use of the alarm system.

(8) In the event a mechanic's lien is to be utilized, a notice-to-owner statement which shall describe, in nontechnical language and in a clear and coherent manner using words with common and everyday meaning, the pertinent provisions of this state's mechanics' lien laws and the rights and responsibilities of an owner of property and a contractor thereunder, including the provisions relating to the filing of a contract concerning a work of improvement with the county recorder and the recording in the office of a contractor's payment bond for private work.

(9) For residential agreements entered into on or after January 1, 2017, that include an automatic renewal provision renewing the agreement for a period of more than one month, a clear and distinct disclosure shall be included separate from the terms and conditions of the agreement advising the consumer that the agreement they are entering into contains an automatic renewal provision. The disclosure shall include the length of time of the renewal term and specify that failure to provide notification of nonrenewal to the licensee, as required in the agreement, will result in the automatic renewal of the agreement. The consumer shall acknowledge being advised of the automatic renewal provision by signing or initialing the disclosure. The disclosure may be included on the same document as the right to cancel form required by Section 1689.7 of the Civil Code. The automatic renewal provision shall be void and invalid without a separate acknowledgment of the disclosure by the consumer.

(10) In addition to the above, every initial residential sales and lease agreement, the total cost which over the time period fixed by the agreement exceeds two hundred fifty dollars (\$250), including the cost of all labor, service, or material to be provided by the licensee for the installation, shall include, but not be limited to, the following:

(A) A schedule of payments showing the amount of each payment as a sum in dollars and cents. This schedule of payments shall be referenced to the amount of work for services to be performed or to any materials or equipment to be supplied.

(B) If the payment schedule contained in the agreement provides for a downpayment to be paid to the licensee by the owner or the tenant before commencement of the work, that downpayment shall not exceed one thousand dollars (\$1,000) or 10 percent of the contract price, excluding finance charges, whichever is the lesser.

(C) In no event shall the payment schedule provide that the licensee receive, nor shall the licensee actually receive, payment in excess of 100 percent of the value of the work performed on the project at any time, excluding finance charges, except that the licensee may receive an initial downpayment authorized by subparagraph (B). A failure by the licensee, without legal excuse, to substantially commence work within 20 days of the approximate date specified in the contract when work is to commence, shall postpone the next succeeding payment to the licensee for that period of time equivalent to the time between when substantial commencement was to have occurred and when it did occur.

(D) A notice-to-owner statement which shall describe, in nontechnical language and in a clear and coherent manner using words with common and everyday meaning, the pertinent provisions of this state's mechanics' lien laws and the rights and responsibilities of an owner of property and a contractor thereunder, including the provisions relating to the filing of a contract concerning a work of improvement with the county recorder and the recording in the office of a contractor's payment bond for private work.

(E) A description of what constitutes substantial commencement of work pursuant to the contract.

(F) A disclosure that failure by the licensee, without legal excuse, to substantially commence work within 20 days from the approximate date specified in the agreement when the work will begin is a violation of the Alarm Company Act.

(G) A disclosure informing the buyer of any potential permit fees which may be required by local jurisdictions concerning the monitoring of an existing alarm system.

(H) This section shall not be construed to prohibit the parties to a residential alarm system sale contract from agreeing to a contract or account subject to Chapter 1 (commencing with Section 1801) of Title 2 of Part 4 of Division 3 of the Civil Code.

(b) A violation of this section or failure to commence work pursuant to subparagraph (F) of paragraph (10) of subdivision (a) may result in a fine of one hundred dollars (\$100) for the first violation and a fine of five hundred dollars (\$500) for each subsequent violation.

(Amended by Stats. 2021, Ch. 376, Sec. 31. (AB 830) Effective January 1, 2022.)

7599.55. No licensee shall make any untrue or misleading statements in connection with the business of the licensee. "Untrue or misleading statements" include, but are not limited to, a representation by an alarm company operator or agent that:

(a) An alarm system is "Underwriters Laboratory approved or listed" (UL approved or listed) unless the entire system, and not only one or more components, is in fact, UL approved or listed.

(b) An alarm system is insurance approved, police approved, or approved by the Department of Defense, unless in fact the approval has been obtained in writing.

A violation of this section may result in a fine of one hundred dollars (\$100) for the first violation and a five hundred dollar (\$500) fine for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.56. (a) Contracts for services or other activities authorized by Section 7599.54 may be conducted by electronic means. Notwithstanding subdivisions (b) and (c) of Section 1633.3 of the Civil Code, the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code) shall apply to electronic records and electronic signatures relating to transactions conducted by a person licensed, certified, or registered pursuant to this chapter, for purposes of activities authorized by Section 7599.54. An electronic contract for services or other activities authorized by Section 7599.54 shall not be valid unless the consumer specified in the contract has consented to use of electronic records for the transaction with an electronic signature and has not withdrawn that consent. The licensee shall provide an identical paper copy of the signed electronic contract for services upon request of the contracting consumer.

(b) Notwithstanding Section 1689.6 of the Civil Code, for contracts for services or other activities authorized by Section 7599.54, a notice of cancellation and copies of the contract or offer described in those provisions may be provided and transmitted electronically.

(c) Notwithstanding Section 1689.7 of the Civil Code, for contracts for services or other activities authorized by Section 7599.54, the signatures, disclosures, and documents described in those provisions may be provided and transmitted electronically.

(Added by Stats. 2015, Ch. 439, Sec. 2. (AB 1097) Effective January 1, 2016.)

7599.58. No alarm company operator shall:

(a) Knowingly install a defective alarm system.

(b) Willfully fail to service the alarm system pursuant to the terms of the warranty or service agreement.

(c) Willfully fail to notify the owner of a defective system when the alarm company operator makes a discovery of a defect in a system after installation.

(d) Willfully fails to provide any service described in the agreement pursuant to Section 7599.54.

Notwithstanding the provisions of Section 7591.9, a violation of this section shall result in a fine of one thousand dollars (\$1,000) for the first violation, and a fine of not less than two thousand five hundred dollars (\$2,500), nor more than five thousand dollars (\$5,000) for each subsequent violation.

(Added by Stats. 1982, Ch. 1210, Sec. 12.)

7599.59. The director may assess administrative fines of fifty dollars (\$50) against any licensee, qualified certificate holder, firearms qualification card holder, or registrant for each violation for failure to notify the bureau within 30 days of any change of residence or business address.

(Amended by Stats. 2016, Ch. 800, Sec. 74. (SB 1196) Effective January 1, 2017.)

