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 Phone: 615.741.2650
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 Email: register.information@tn.gov

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Sequence Number: 08-09-14
 Notice ID(s): 2207-2208
 File Date: 8/16/14

Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tennessee Code Annotated, Section 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Tennessee Alarm Systems Contractors Board
Division:	Division of Regulatory Boards Department of Commerce and Insurance
Contact Person:	Josh L. Kilgore
Address:	Davy Crockett Tower 500 James Robertson Pkwy. Nashville, Tennessee 37243
Phone:	(615) 741-3072
Email:	Josh.kilgore@tn.gov

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman
Address:	500 James Robertson Pkwy., Davy Crockett Tower, 5 th Floor.
Phone:	(615) 741-0481
Email:	Don.coleman@tn.gov

Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway, Davy Crockett Tower		
Address 2:	1st Floor Conference Room, 1-B		
City:	Nashville		
Zip:	37243		
Hearing Date :	October 16, 2014		
Hearing Time:	9:00 AM	<input checked="" type="checkbox"/> CST	<input type="checkbox"/> EST

Additional Hearing Information:

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Revision Type (check all that apply):

- Amendment
- New
- Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0090-01	General Provisions
Rule Number	Rule Title
0090-01-.05	Employee Registration Requirements

0090-01-.06	Qualifying Agent Requirements
0090-01-.07	Alarm Systems Contractor Requirements
0090-01-.09	Fees
0090-01-.10	Renewal of Certification and License

Chapter Number	Chapter Title
0090-06	Standards of Conduct
Rule Number	Rule Title
0090-06-.01	Applicability
0090-06-.02	Door-to-door Solicitation
0090-06-.03	Standards of Conduct and Ethics
0090-06-.04	Contracting with Customers

Chapter 0090-01
General Provisions
Amendments

Rule 0090-01-.05 Employee Registration Requirements is amended by deleting the text of paragraphs (7) and (9) in their entirety and substituting instead the following language so that, as amended, the new paragraphs shall read:

- (7) If an active registered employee leaves the employment of a contractor the employee's registration will be placed in an "invalid" status until such time as the alarm employee registration is transferred to a certified alarm contractor or until the registration expires.
- (9) Renewal
- (a) A registration shall expire on the last day of the twenty-fourth (24th) month following its issuance or renewal and shall become invalid on such date unless renewed. A new application for employee registration, including a new application fee, as established by Rule 0090-01-.09 Fees, shall be required to be submitted if such renewal application is not timely submitted to Board by the date of the employee registrant's expiration date of the last day of the twenty-fourth (24th) month following its issuance or renewal thereof.
- (b) An alarm systems contractor shall apply to the Board for the renewal of the registration of each registrant employed by the contractor by submitting the required renewal application, including the requisite renewal fee and two (2) frontal, color photographs for each renewal registration, as established by Rule 0090-01-.09 Fees.
- (c) Upon initial implementation of this part all registered employee registration expiration dates will be set to coincide with the alarm systems contractor with whom they are affiliated as of the effective date of these rules. All registered employee renewals thereafter will be the last day of the twenty-fourth (24th) month following the issuance or renewal thereof per Rule 0090-01-.05 (9)(a).
- (d) An alarm employee registrant who has not met the requirements for renewal of registration by the expiration date of the registration shall cease acting as an alarm employee for any firm until all requirements for registration renewal, including the payment of any fees for late renewal, have been met.
- (e) No alarm employee registrant shall receive a renewal when such registration has been in default for failure to comply with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm employee, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new registration.

Authority: T.C.A. §§ 62-32-307(a), 62-32-307(b), 62-32-307(g), 62-32-307(l), 62-32-312, 62-32-312(d), 62-32-318 and 62-32-320.

Rule 0090-01-.06 Qualifying Agent Requirements is amended by deleting paragraph (9)(i) in its entirety and substituting instead the following so that, as amended, paragraph (9)(i) shall read:

- (9) A designated qualifying agent must perform the following:
 - (i) A designated qualifying agent shall notify the Board within thirty (30) days after a registrant, applicant or qualifying agent has been convicted or arrested, that is known or should have been known to the designated qualifying agent. The designated qualifying agent shall provide this notification for persons who are registered or required to be registered under the alarm systems contractor that employs the designated qualifying agent. The designated qualifying agent shall provide notification if the registrant, applicant or qualifying agent was convicted in any city, county, state, federal or military court of any crimes except minor traffic violations. For the purposes of these rules, "conviction" means the entry of a guilty plea, no contest plea or a verdict or decision rendered by a judge or jury.

Authority: T.C.A. §§ 62-32-303, 62-32-304(b), 62-32-307(a), 62-32-307(c), 62-32-307(d), 62-32-307(g), 62-32-307(i), 62-32-307(l), 62-32-313, 62-32-316(b), and 62-32-320.

Rule 0090-01-.07 Alarm Systems Contractors Requirements is amended by deleting "listed in T.C.A. § 62-32-303, paragraph 8" from paragraph (10) and substituting, instead, the phrase "(except minor traffic violations)" so that, as amended, the paragraph shall read:

- (10) The contractor or the Designated Qualifying Agent must notify the Board within thirty (30) days of any known conviction or any conviction of which the contractor or Designated Qualifying Agent should have known of any Designated Qualifying Agent, Qualifying Agent, or registered employee under their supervision by any state, federal, or military court of any crime (except minor traffic violations). For purposes of these rules, "conviction" means and includes the entry of a plea of guilty, pleas of no contest or a verdict rendered in open court by a judge or jury.

Authority: T.C.A. §§ 62-32-307, 62-32-307(a), 62-32-307(l), 62-32-314, 62-32-316, and 62-32-320.

Rule 0090-01-.09 Fees is amended by adding paragraph (6), so that, as amended, the new paragraph shall read:

- (6) The examination fee shall be the fee charged by the entity administering the examination, subject to the Board's approval.

Authority: T.C.A. §§ 62-32-307(b), 62-32-313(a), 62-32-313(1), 62-32-314(a), and 62-32-318.

Rule 0090-01-.10 Renewal of Certification and License is amended by deleting the section in its entirety and substituting instead the following language, so that, as amended, the section shall read:

- (2) Each certificate license and registration shall expire on the last day of the twenty-fourth (24th) month following its issuance or renewal and shall become invalid on such date unless renewed.
- (3) Company Certification, Qualifying Agent License, and Alarm Employee Registration renewal notices shall all be mailed to the last known business address ninety (90) days prior to the expiration date of the license, certification, or registration. Such renewals must be received in the office of the Board thirty (30) days prior to the expiration of such Certification, License, or Registration.
- (4) The Board shall notify every company certificate holder, qualifying agent licensee, and alarm employee registrant by mail to the last known business address of the date of expiration of such certificate, license, or registration and the fee required for its renewal for two (2) years.

- (9) No company certificate holder, qualifying agent licensee, or alarm employee registrant shall receive a renewal when such company, agent, or registrant has been in default in complying with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm systems contractor, qualifying agent, or registrant, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new certificate, license, or registration.
- (10) The alarm contractor, in order to renew its certification, shall submit to the Board, on a Board approved form, a notarized statement of the contractor's designated qualifying agent, chief executive officer or any other authorized contractor representative, which identifies the number of employees required to be registered with the Board as well as a list containing the name and registration number of each employee who is registered or required to be registered with the Board.

Authority: T.C.A. §§ 62-32-307, 62-32-307(a), 62-32-307(c), 62-32-313, and 62-32-317.

Chapter 0090-06
Standards of Conduct
New Rules

Chapter 0090-06 is added to 0090 Alarm Systems and shall read as follows:

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0090-06-.01	Applicability
0090-06-.02	Door-to-door solicitation
0090-06-.03	Standards of Conduct and Ethics
0090-06-.04	Contracting with customers

Rule 0090-06-.01 Applicability

The provisions of this chapter shall apply to any person or firm licensed and/or registered by the Alarm Systems Contractors Board, to conduct the sale, service, maintenance, installation and/or monitoring of alarm systems in this state. For purposes of this chapter, unless the context otherwise requires, the word "licensee" includes any person, partnership, corporation, or any other entity certified as an alarm contractor or licensed as a qualifying agent.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

Rule 0090-06-.02 Door-to-door solicitation

- (1) A licensee or employee registrant who sells, offers to sell, or attempts to sell alarm systems, as defined in T.C.A. § 62-32-303(1), to a homeowner or resident of a home or apartment, through direct physical contact, including door-to-door solicitation, shall:
 - (a) Carry an identification card or a copy of a currently pending application for license or registration issued by the Board, and present said identification or proof of registration for inspection to the homeowner or resident;
 - (b) Truthfully and clearly identify themselves by name, their full registered company name, and the purpose of their solicitation to the potential customer at the initiation of a sales presentation without request from the consumer. No licensee or registrant shall generically identify themselves as being from "the alarm company" or "the security company";
 - (c) Provide to the homeowner or resident, at no charge, a document or business card listing the person's name, employer's name, address, phone number, license number, and the Board's phone number with instructions on how to contact or file a complaint with the Department;

- (d) Not approach or solicit a home or residence at any time where a placard, sign, or any other posting of whatever nature is displayed indicating that the homeowner or residential occupant does not wish to be solicited;
- (e) Comply with any applicable door-to-door solicitation ordinance consistent with state and federal law;

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

Rule 0090-06-.03 Standards of Conduct and Ethics

- (1) An alarm systems contractor, licensee, or employee registrant shall not engage in any deceptive, misleading, unlawful or unethical business practices with customers or consumers. Such practices shall constitute improper, fraudulent or dishonest dealing pursuant to T.C.A. § 62-32-319(d);
- (2) A licensee or employee registrant, when engaging in the sale, installation, service or maintenance of alarm systems, shall not falsely state or imply the following to a potential or existing customer:
 - (a) That a competitor company is going out of business or is in financial difficulty, or that such competitor company no longer exists;
 - (b) That a competitor company is changing or has changed its company name;
 - (c) That the licensee or registrant is a representative agent of, is acting on behalf of, or is otherwise acting with the consent or approval of a competitor company;
 - (d) That the licensee or registrant's company is a "sister" company of a competitor, or is acquiring, merging with, or has taken over or purchased the competitor company's accounts;
 - (e) That the licensee or registrant is performing routine maintenance on competitor company's equipment which is in the possession of a customer;
 - (f) That any material change proposed during a sales solicitation is an "update" or "upgrade" of an existing alarm system, when such transaction requires an agreement with a person, company, or entity different than the customer's existing alarm system or alarm monitoring service agreement;
 - (g) That the licensee or registrant's company is affiliated with, has the endorsement of, or is, in any manner, acting at the direction of any governmental or law enforcement agency; and
 - (h) Quoting statistics or providing other information that is known to be false or misleading, and which the licensee or registrant has not made a reasonable effort to objectively quantify or substantiate.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

Rule 0090-06-.04 Contracting with Customers

- (1) When contracting with existing or potential customers, alarm contractors shall require employee registrants to use written materials which clearly and conspicuously set forth both the alarm contractor and the customer's rights and obligations;
- (2) Alarm contractors and their employee registrants shall clearly and conspicuously disclose all material terms and conditions of the offer before obtaining a customer's consent;
- (3) Alarm contractors shall train their employee registrants with respect to the terms and conditions of the contract so that a customer's questions can be adequately answered at or prior to signing the contract;
- (4) Alarm contractors shall require their employee registrants to provide a copy of the contract to the customer immediately upon execution;
- (5) Refund policies, including termination fees, shall be clearly and conspicuously disclosed to existing or potential customers prior to the sale of any alarm product or service;

- (6) Alarm contractors shall honor all refunds for customers in accordance with their stated refund policies; and
- (7) Upon request, alarm contractors shall provide customers a written termination fee calculation and statement of the information upon which they base the calculation.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

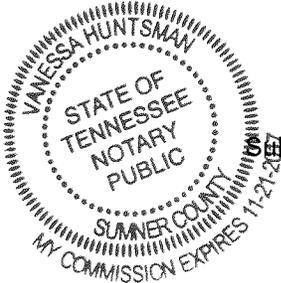
I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: 8/6/14

Signature: [Handwritten Signature]

Name of Officer: JOSH KILGORE

Title of Officer: ASSISTANT GENERAL COUNSEL



Subscribed and sworn to before me on: 8/6/14

Notary Public Signature: [Handwritten Signature]

My commission expires on: 11/21/2017

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Filed with the Department of State on: 8/6/14

[Handwritten Signature]

Tre Hargett
Secretary of State

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