



June 23, 2023

Via Web Portal at: <https://www.regulations.gov>

The Honorable April J. Tabor
Secretary, Federal Trade Commission
Office of the Secretary
Suite CC-5610 (Annex J)
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Re: Negative Option Rule (16 C.F.R. Part 425); Project No. P064202

Dear Secretary Tabor:

The Electronic Security Association (ESA), in conjunction with The Monitoring Association (TMA), the Security Industry Association (SIA), and the Alarm Industry's Communication Committee (AICC), is extremely concerned with the proposed amendments regarding the Negative Option Rule. For reasons discussed below, contracts for security technology, such as alarm service and monitoring, should be exempted from the proposed Rule (retitled "Rule Concerning Recurring Subscriptions and Other Negative Option Plans").

Consumers of security and fire/life safety products and services typically sign a multi-year contract which is then renewed on a month-to-month basis. These types of arrangements are popular with both customers and security companies because the multi-year initial term allows security companies to discount the initial cost of equipment and / or installation, thus reducing the initial, upfront cost of a new system and installation for the customer. After the initial, multi-year term, customers' contracts renew monthly, and they are able to cancel their contracts at any point, granting them maximum flexibility. The proposed rule would likely incentivize security companies to alter their customer agreements to renew for an additional multi-year term to avoid

the need for unnecessary reminders. Such a result would be contrary to the public interest and move away from the consumer-friendly approach that alarm companies currently follow.

The Federal Trade Commission published a press release on March 23, 2023 stating their hope that the proposals "...would go a long way to rescuing consumers from seemingly never-ending struggles to cancel unwanted subscription payment plans for everything from cosmetics to newspapers to gym memberships." The release also continued by stating "Some businesses too often trick consumers into paying for subscriptions they no longer want or didn't sign up for in the first place". Our member organizations are not jelly-of-the-month club operations. Our members serve the safety needs of their consumers and do not operate on a trickster model. Contracts are written clearly and the ability to cancel a month-to-month contract is simple.

Security consumers are reminded daily that they have a security system. In the case of a home security system consumers may hear a chime every time they open and close a door or window and each interaction with the system serves as a reminder of the contract. Consumers can reasonably avoid further payments by contacting their provider to cancel the arrangement, if desired. Requiring mailed reminders in this context would impose unnecessary costs and regulatory burdens on alarm businesses, which would disproportionately harm the majority of alarm companies that are also small businesses. At the same time, most contracts have month-to-month terms. Even an annual reminder notice is unnecessary for an alarm service or monitoring contract because of the tangible presence of the service in a consumer's day-to-day life.

Importantly, due to the risk to life and property that may come with canceling an alarm contract, the FTC should clarify that "click to cancel" does not preclude an alarm company from requiring a verbal or written confirmation before service is suspended. Security and life safety systems provide consumers with peace of mind that first responders will arrive in case of emergency. If a consumer were to accidentally cancel their service, their property could immediately and unknowingly be at risk.

In conclusion, we hope you will reject the proposals that are currently being considered as too broadly written. The proposals do not enhance protections of consumers, would burden our small businesses, and could jeopardize the safety of consumers. If the FTC does not exempt

alarm service and monitoring companies from the revised negative option rule, it should modify its proposals as discussed above.

Respectfully Submitted,

The Electronic Security Association

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The Monitoring Association


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