

AMENDED IN ASSEMBLY APRIL 18, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1130

Introduced by Assembly Member Wilk

February 22, 2013

An act to amend Section ~~12743~~ 12744 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1130, as amended, Wilk. Insurance: home protection contracts.

Existing law governs home protection contracts for the repair or replacement of a component, system, or appliance of a home. Existing law ~~makes various provisions of the Insurance Code applicable to those contracts, including provisions governing reinsurance transactions and actions, suits, or proceedings against nonadmitted insurers~~ *prohibits a person from issuing or offering to issue home protection contracts in this state unless the person holds a home protection company license issued by the Department of Insurance, except as specified.*

~~This bill would delete provisions governing reinsurance transactions and actions against nonadmitted insurers from the list of Insurance Code provisions that are applicable to home protection contracts.~~

~~This bill would also make technical, nonsubstantive changes to that provision.~~

This bill would provide that certain requirements for a home protection company license do not apply to a foreign applicant, including filing a financial statement certified by the applicant's home state regulatory official as a true and correct copy of the statement filed

with that official, and holding a certificate of authority as an insurance company, only if the applicant stipulates that the applicant will provide financial reports in the same manner required of domestic home protection companies.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 12744 of the Insurance Code is amended*
2 *to read:*

3 12744. (a) No person shall issue or offer to issue home
4 protection contracts in this state unless ~~such~~ *the* person holds a
5 home protection company license issued by the department, except
6 as provided in subdivision (b) of this section.

7 (b) An insurer admitted for the class of insurance defined in
8 Section 120 is authorized, in addition to the underwriting powers
9 granted by ~~such~~ *the* class, to issue home protection contracts, but
10 the provisions of this part shall not be otherwise applicable to ~~such~~
11 *those* insurers or their contracts.

12 (c) No license shall be granted to a foreign applicant that has
13 not fulfilled the requirements of Sections 716 and 717. For
14 purposes of this part, the term “class of insurance” as used in said
15 sections shall mean the business of a home protection company.
16 This section shall not prohibit the admission of a foreign home
17 protection company which has actively transacted home protection
18 business in its state of domicile for three years or more.

19 (d) The commissioner shall by regulation prescribe forms for
20 applications for home protection company licenses consistent with
21 the provisions of this part. Any reference to certificate of authority
22 in Article 3 (commencing with Section 699) of Chapter 1 of Part
23 2 of Division 1, shall mean home protection company license.

24 (e) (1) *Subject to paragraph (2) and, notwithstanding*
25 *subdivision (c) or any regulation to the contrary, the following*
26 *requirements shall not apply to any foreign applicant:*

27 (A) *Filing a financial statement certified by the applicant’s*
28 *home state regulatory official as a true and correct copy of the*
29 *statement filed with that official. This exemption applies only if*
30 *the official does not require a home protection company or the*
31 *applicant to file a financial statement.*

1 (B) Filing an examination report certified by the applicant's
2 home state regulatory official as a true and correct copy. This
3 exemption applies only if the official does not prepare examination
4 reports of home protection companies or has not prepared an
5 examination report of the applicant.

6 (C) Holding a certificate of authority as an insurance company.

7 (2) The exemptions described in paragraph (1) apply only if the
8 applicant's chief executive officer stipulates that the company will
9 provide financial reports in the same manner required of domestic
10 home protection companies.

11 SECTION 1. Section 12743 of the Insurance Code is amended
12 to read:

13 12743. The following provisions of this code shall be applicable
14 to home protection contracts and home protection companies:

15 (a) Sections 1 to 46, inclusive.

16 (b) Chapter 3 (commencing with Section 330) of Part 1, Division
17 1.

18 (c) Chapter 12 (commencing with Section 679.70) of Part 1,
19 Division 1.

20 (d) These provisions of Chapter 1, Part 2, Division 1:

21 (1) Article 1 (commencing with Section 680):

22 (2) Article 1.5 (commencing with Section 685):

23 (3) Article 2 (commencing with Section 690):

24 (4) Section 699, 699.5, 700, 701, 704, 704.5, 704.7, 705, 705.1,
25 707, 708, 709, 710, 713, 714, 715, 716, 717, 718, 720, and 725 of
26 Article 3 (commencing with Section 699):

27 (5) Section 750.

28 (6) Article 5.5 (commencing with Section 770):

29 (7) Article 6.5 (commencing with Section 790):

30 (8) Article 8 (commencing with Section 820):

31 (9) Article 9 (commencing with Section 880):

32 (10) Article 11 (commencing with Section 939):

33 (11) Article 13 (commencing with Section 980):

34 (12) Article 14 (commencing with Section 1010):

35 (13) Article 14.5 (commencing with Section 1065.1):

36 (14) Article 15 (commencing with Section 1070):

37 (15) Article 16 (commencing with Section 1080):

38 (16) Article 17 (commencing with Section 1100):

39 (e) These provisions of Chapter 2, Part 2, Division 1:

40 (1) Article 1 (commencing with Section 1140):

- 1 ~~(2) Article 2 (commencing with Section 1152).~~
- 2 ~~(3) Article 3 (commencing with Section 1170).~~
- 3 ~~(4) Article 4 (commencing with Section 1190).~~
- 4 ~~(5) Article 4.7 (commencing with Section 1215).~~
- 5 ~~(6) Article 7 (commencing with Section 1250).~~
- 6 ~~(f) Article 3 (commencing with Section 1631) of Chapter 5 of~~
- 7 ~~Part 2 of Division 1.~~
- 8 ~~(g) Sections 1850.5, 1853.5, 1853.8, 1857, 1857.2, 1857.3,~~
- 9 ~~1857.4, 1858, 1858.05, 1858.1, 1858.15, 1858.2, 1858.3, 1858.4,~~
- 10 ~~1858.5, 1858.6, 1858.7, 1859, 1859.1, 1860, 1860.1, 1860.2 of~~
- 11 ~~Chapter 9, Part 2, Division 1.~~
- 12 ~~(h) Division 3 (commencing with Section 12900).~~
- 13 ~~(i) In any references in the provisions made applicable to this~~
- 14 ~~part by subdivisions (a) to (h) inclusive of this section:~~
- 15 ~~(1) "Insurer" shall mean home protection company.~~
- 16 ~~(2) "Insured" shall mean a home protection contract holder.~~
- 17 ~~(3) "Premium" shall mean protection contract fee.~~
- 18 ~~(4) "Policy" or "insurance" shall mean home protection contract.~~
- 19 ~~(j) When any provision of this code, other than this part, is~~
- 20 ~~applied to home protection companies, such provision shall be~~
- 21 ~~construed in accordance with the nature of home protection~~
- 22 ~~companies and the home protection business. In the event of any~~
- 23 ~~conflict between such other provision and this part, this part shall~~
- 24 ~~prevail.~~