

AMENDED IN SENATE JUNE 30, 2014

AMENDED IN ASSEMBLY APRIL 18, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1130**

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**Introduced by Assembly Member Wilk**

February 22, 2013

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An act to amend ~~Section 12744~~ *Sections 12744 and 12752* 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 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 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.

*Existing law also requires each home protection company to file statements exhibiting its conditions and affairs, as specified. Existing law authorizes the commissioner, prior to licensure and at other times*

*as appears necessary, to examine the business and affairs of any home protection company, as specified.*

*This bill would instead require each home protection company to file a single annual statement exhibiting its conditions and affairs. The bill would also prohibit the commissioner from conducting more than one financial examination of a company in any 5-year period, unless the commissioner makes a specified finding.*

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 the person holds a home  
5 protection company license issued by the department, except as  
6 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 the class, to issue home protection contracts, but the  
10 provisions of this part shall not be otherwise applicable to those  
11 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~~ that has actively transacted home  
18 protection 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 home  
28 state regulatory official as a true and correct copy of the statement

1 filed with that official. This exemption applies only if the official  
2 does not require a home protection company or the applicant to  
3 file a financial statement.

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

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

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

14 *SEC. 2. Section 12752 of the Insurance Code is amended to*  
15 *read:*

16 12752. (a) Each home protection company shall file ~~statements~~  
17 *an annual statement* exhibiting its conditions and affairs in  
18 accordance with Sections 900, 900.5, ~~900.7~~, 900.8, 900.9, 902,  
19 903, 903.5, 904, 922.1 to 922.8, inclusive, 923, 923.5, and 924.  
20 However, the required contents of the ~~statements~~ *annual statement*  
21 may be varied from the requirements thereof, pursuant to regulation  
22 adopted by the commissioner in accordance with Chapter 3.5  
23 (commencing with Section 11340) of Part 1 of Division 3 of Title  
24 2 of the Government Code, so as to adapt the requirements to the  
25 home protection business. *Nothing in this subdivision shall be*  
26 *construed to limit the authority of the commissioner to request*  
27 *financial statements from licensees at any time.*

28 (b) The commissioner shall, prior to licensure and at other times  
29 as appears necessary, examine the business and affairs of any home  
30 protection company subject to this part. Every home protection  
31 company so examined shall open its books and records for  
32 inspection by the commissioner and shall otherwise facilitate and  
33 cooperate in the examination. In making the examination, the  
34 commissioner shall have the rights specified in Section 733, and  
35 the examinee shall be subject to the obligations of Section 736.  
36 *The commissioner shall not conduct more than one financial*  
37 *examination of a company in any five-year period, unless the*

- 1 *commissioner finds that the financial condition of the company*
- 2 *has deteriorated, thereby warranting an interim examination.*

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