

**Assembly Bill No. 1130**

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Passed the Assembly August 20, 2014

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*Chief Clerk of the Assembly*

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Passed the Senate August 13, 2014

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 12744 and 12752 of the Insurance Code, relating to insurance.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1130, 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.

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

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

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

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

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

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

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

(A) 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. This exemption applies only if the official does not require a home protection company or the applicant to file a financial statement.

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

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

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

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

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

(b) The commissioner shall, prior to licensure and at other times as appears necessary, examine the business and affairs of any home protection company subject to this part. Every home protection company so examined shall open its books and records for inspection by the commissioner and shall otherwise facilitate and cooperate in the examination. In making the examination, the commissioner shall have the rights specified in Section 733, and the examinee shall be subject to the obligations of Section 736. The commissioner shall not conduct more than one financial examination of a company in any five-year period, unless the commissioner finds that the financial condition of the company has deteriorated, thereby warranting an interim examination.







Approved \_\_\_\_\_, 2014

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*Governor*