

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1931 (Papan) – As Amended April 16, 2026

Policy Committee: Insurance

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill establishes a limited lines insurance license for a home protection contract.

Specifically, this bill:

- 1) Establishes, beginning July 1, 2027, a license for a home protection contract limited lines agent for a person authorized to transact a home protection contract through or in connection with a utility and requires an applicant for a license to submit certain documents to the Insurance Commissioner (IC).
- 2) Authorizes an agent to authorize a home protection contract vendor to transact a contract on the agent’s behalf, authorizes a purchaser to return the contract within 30 days of purchase if no claim has been made, authorizes a vendor to collect fees on behalf of an agent if the utility bill lists the home protection contract fees separately from the utility charges, and requires the contract to include certain disclosures.
- 3) Authorizes the IC to implement certain penalties if a vendor violates these provisions.

FISCAL EFFECT:

Costs of an unknown, but significant amount, in excess of \$150,000, to CDI to create a new limited lines license program (Insurance Fund).

COMMENTS:

- 1) **Purpose.** The author notes that “many common household emergencies, such as a broken water service line or a multifunctioning HVAC system, are not covered under standard homeowners’ insurance policies.” According to the author, to bridge that gap:

Many California public, municipal, and investor-owned utilities either offer home protection contracts directly or inform customers about third-party programs that provide similar coverage. In practice, however, the availability and nature of these services is often unclear to consumers.

This confusion stems largely from the complex regulatory requirements utilities face when attempting to offer home protection contracts. The current licensing framework creates administrative

barriers that discourage utilities from participating and contributes to unclear information reaching customers. AB 1931 addresses this issue by streamlining the licensing process for agents offering utility-related home protection products through a modified limited lines license.

This bill is sponsored by HomeServe, a home protection company (HPC), and supported by utility providers and trades and an insurer association.

- 2) **Background. *Limited Lines Insurance Model.*** The limited lines insurance model facilitates the sale of narrowly defined, relatively simple insurance products by simplifying the licensure process and authorizing such transactions by people who may not need to be licensed agents or brokers. For example, under the portable electronics limited lines model, a vendor of portable electronics may apply for and receive a license to act as an insurance agent to sell portable electronics insurance on behalf of an insurer specified in the vendor's license application. The vendor may also authorize endorsees, or workers who meet certain age and training requirements, to sell portable electronics insurance in connection with the sale of a portable electronics item. The agent, or vendor, is responsible for a violation of law committed by the endorsee.

Home Protection Contract. A home protection contract is an agreement that obligates an HPC to repair or replace all or part of a component, system, or appliance of a home, necessitated by wear and tear, deterioration, or inherent defect during a specified period of time for a predetermined fee. Accordingly a home protection contract differs from traditional insurance in that the contract covers repair or replacement due to normal wear and tear, rather than in the event of an unforeseen occurrence, such as a fire or theft. Despite this distinction, home protection contracts in California are regulated by CDI. Existing law requires a person to hold a full property and casualty agent license to sell a home protection contract, unless the person is a licensed real estate agent or a non-commission employee of an HPC that is licensed by CDI. This bill establishes a limited lines license for a home protection contract transacted through a utility.

- 3) **Related Legislation.** AB 1883 (Calderon), of the 2023-24 Legislative Session, would have created a limited lines license for a home protection contract generally, not just a contract limited to a utility. AB 1883 was not set for hearing in the Senate Insurance Committee.

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