SENATE COMMITTEE ON INSURANCE
Senator Stephen Padilla, Chair
2025 - 2026 Regular

Bill No:	AB 1931	**Hearing Date:**	June 24, 2026
Author:	Papan		
Version:	June 18, 2026 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Brandon Seto		

SUBJECT: Insurance: home protection companies

DIGEST: Creates a home protection contract limited lines agent license, and affiliated regulatory requirements and structure to allow utilities, acting as a home protection contract vendor, to transact home protection contracts on behalf of and under the authority of a home protection company (HPC).

Existing law:

1) Regulates HPCs, which issue contracts to repair or replace all or any part of any component, system or appliance of a home necessitated by wear and tear, deterioration or inherent defect, arising during the effective period of the contract, as provided.

2) Prohibits a person from issuing or offering a home protection contract unless the person holds a HPC license issued by the California Department of Insurance (CDI), as specified, or is licensed as an insurance agent or broker, as specified.

3) Requires that a home protection contract clearly specify the appliances, systems, and components covered by the contract, all exclusions and limitations of the coverage, the period during which the contract will remain in effect, the protection contract fee received by an HPC for the issuance of the contract, and any renewal terms, the services to be performed by the company and the terms and conditions of performance, any service fee, all limitations on the performance of services, a statement that services will be performed upon request, and a representation that services will be initiated by or under the direction of the company within 48 hours after a request is made for services.

4) Provides that any home protection contract cannot be cancelled during the initial term for which it was issued, except for reason of nonpayment of contract fees, fraud or misrepresentation of facts material to the issuance of the contract, or if the property to which the contract attaches is sold and the contract provides coverage only if the property is not sold.

5) Prohibits an HPC from paying a commission to any person as an inducement or compensation for the issuance, purchase or acquisition of a home protection contract. Clarifies that this prohibition does not prohibit payment of an override commission or marketing fee to an employee or commission sales agent who is the marketing representative of the HPC or its parent, subsidiary, or affiliate.

This bill:

1) Specifies that a utility may solicit home protection contracts and collect related fees if it is a home protection contract vendor acting on behalf of, or in connection with a home protection contract limited lines agent, a property and casualty insurance agent that has been appointed by an HPC, as specified. Does not allow a utility to enroll customers in a home protection contract, but rather direct customers to an HPC, home protection contract limited lines agent, or property and casualty insurance agent for enrollment.

2) Creates related definitions:

   a) "Home protection contract limited lines agent" means an entity licensed as specified, authorized to transact home protection contracts on behalf of a HPC and in connection with a home protection contract vendor.

   b) "Home protection contract vendor" means a utility registered and complying with the requirements of the bill, or a utility acting in connection with a property and casualty insurance agent.

   c) "Utility" means an entity, or an affiliate of an entity, regulated by the Public Utilities Commission.

3) Requires applicants for a home protection contract limited lines agent license to submit to the Insurance Commissioner (Commissioner):

   a) An electronic or written application for licensure, signed by an officer of the applicant, in a form prescribed by the Commissioner.

   b) A certificate issued by the HPC that is to be named in the home protection contract limited lines agent license, stating that the HPC affirms the applicant is trustworthy and competent to act as its home protection contract limited lines agent and that the HPC will appoint the applicant to act as its agent if the home protection contract limited lines agent license is issued by the Commissioner. The certification shall be signed by an officer of the HPC on a form prescribed by the Commissioner.

   c) An application fee of $10,000 and a renewal fee of $5,000 for each following license period.

4) States that costs associated with an enforcement action shall be assessed against the licensed organization.

5) Provides that a home protection contract limited lines agent may authorize a home protection contract vendor to solicit home protection contracts and collect home protection contract fees on its behalf and under its authority, under the specified conditions, including that the home protection contract limited lines agent must maintain a register in a form determined to be acceptable to the Commissioner, and listing specified information describing the home protection contract vendors permitted to solicit home protection contracts and collect home protection contract fees on its behalf. This register must be submitted annually or upon request to the Commissioner.

6) Deems that the conduct of the home protection contract vendor, while acting within the scope of its authority, is deemed the conduct of the home protection contract limited lines agent.

7) Creates guidelines for the distribution of marketing materials by the home protection contract vendor, including the disclosure of the home protection contract limited lines agent's name, email address or other comparable electronic communication method, telephone number, and license number. Such marketing materials cannot appear on utility bills.

8) States that an unlicensed employee of the home protection contract vendor shall not engage in any activity relating to the transaction of home protection contracts other than clerical services, billing services, or indirect marketing support.

9) Allows a home protection contract vendor to collect home protection contract fees through the utility bill on behalf of a home protection contract limited lines agent or a property and casualty insurance agent if it is stated that a third party is issuing the contract and not the utility. Furthermore, such fees must be clearly identified and listed separately from any utility charges or fees along with a contact for customers to inquire about the contract.

10) Specifies that contract fees collected through a utility bill in this manner will be applied only after customer payments have been applied for utility services. Allows a home protection contract vendor to receive compensation for billing and collection services related to these fees, which once acquired, can be held by the vendor for the HPC.

11) States that if home protection contract fees are collected by the home protection contract vendor on behalf of a home protection contract limited lines agent or property and casualty insurance agent through the utility bill on a recurring basis, the home protection contract limited lines agent or property and casualty insurance agent shall provide each customer written or electronic notice not fewer than 15 calendar days and not more than 45 calendar days prior to every anniversary of the customer's enrollment date with specified information about the customer's enrollment date, renewal period, fees charged, cancellation information, a way to receive a copy of the contract, and the contact information of the home protection contract limited lines agent or property and casualty insurance agent.

12) Stipulates further that a home protection contract must also include information about how to make a claim, a disclosure of customer's right to make a claim, the company guaranteeing the contract, and the ability and method to file a complaint with the California Department of Insurance (CDI) if the customer is dissatisfied with the company's handling of their claim. Contracts must also make customers aware of how they may return or void the contract, and the various ways they can pay for the contract, including through their utility bills.

13) Creates training requirements, as specified, to be provided by the home protection contract limited lines agent for individuals in the register described above who direct or control the home protection contract vendor's home protection contract-related operations. Materials used in such training must be approved by CDI, who maintains the authority to take punitive action including against agent's license.

14) States that, among other things, if the Commissioner determines that a home protection contract vendor has violated any provision of the bill, the Commissioner may:

a) Direct the home protection limited lines agent or property and casualty insurance agent to implement a corrective action plan with the vendor, or revoke the authorization of the home protection contract vendor to solicit home protection contracts or collect home protection contract fees on its behalf and under the agent's license and direct the home protection contract limited lines agent to remove the home protection contract vendor's name from its register.

b) After notice and hearing, suspend or revoke the license of the home protection contract limited lines agent, or assess an administrative penalty against the home protection contract limited lines agent, the property and casualty agent, the home protection company, or any combination thereof.

15) Stipulates that regulatory and licensing requirements for agents transacting home protection contracts shall also apply to a home protection limited lines agent.

16) States that, as specified, a home protection company that transacts home protection contracts under the bill's provisions must maintain an insurance policy, through an admitted insurer, covering 100 percent of the home protection company's contractual obligations associated with the home protection contracts. The insurance policy must be submitted to and approved by the Commissioner prior to use. The insurance policy submitted to the Commissioner for approval pursuant to this subdivision shall be deemed approved 30 days after filing unless the home protection company is notified by the Commissioner to the contrary.

17) Specifies that the Commissioner may issue a cease-and-desist order to a home protection company that violates the bill's provisions. The powers vested in the Commissioner by the bill are in addition to any and all other powers and remedies vested in the Commissioner by law, and nothing requires the Commissioner to employ the powers conferred by this bill instead of, or as a condition to the exercise of any other power or remedy vested in the Commissioner.

18) Allows the Commissioner to adopt, amend, or repeal regulations to implement the provisions of the bill.

19) States that the bill's provisions become operative on July 1, 2027.

Background

According to the author:

"Traditional homeowners' insurance typically covers losses, damage, or liability resulting from specific events, for example, repairing wood flooring damaged by a flood. However, many common household emergencies, such as a broken water service line or a malfunctioning HVAC system, are not covered under standard homeowners' insurance policies.

At a time when household budgets are increasingly stretched, homeowners may be more interested in home protection contracts that help shield them from unexpected repair costs. Many California 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 allowing utilities, in collaboration with a licensed home protection company, to market and collect fees for utility-related home protection contracts, using the limited lines license framework. A limited lines license is a widely used regulatory structure that allows certain industries to offer specialized insurance products. The bill maintains strong consumer protections, ensuring that utilities are transparent and clear when billing customers for home protection products, while the home protection company maintains the responsibility for customer enrollment, training, and consumer protection measures. By reducing regulatory barriers, AB 1931 allows home protection companies and utilities to work together more seamlessly to offer homeowners cost-saving home protection products."

Related/Prior Legislation

AB 1800 (Krell, 2026). Would have expanded the portable electronics limited line agent's license to include transacting insurance for optical products. *This bill was held in Assembly Appropriations Committee.*

AB 690 (Solorio, Chapter 165, Statutes of 2011). Expanded the limited lines license for the sale of communications equipment to include all portable electronics.

AB 2856 (Chavez, Chapter 437, Statutes of 2002). Created a limited lines license for the sale of communications equipment.

AB 393 (Scott, Chapter 321, Statutes of 2000). Created a limited lines license for the sale of credit insurance in connection with a loan or extension of credit.

AB 62 (Papan, Chapter 618, Statutes of 1999). Created a limited lines license for the transaction of rental car insurance in connection with rental care agreements.

ARGUMENTS IN SUPPORT:

According to HomeServe USA, sponsor of this bill:

"Utility service providers, including investor-owned utilities, electric cooperatives, municipal utilities and water districts, see value in making home protection products available to their customers, members or residents because these partnerships directly support their fundamental mission of reliable service delivery. When a utility line fails, homeowners may be without water, sewer, gas, or electricity until repairs are completed. Many homeowners are unaware they are responsible for maintaining and repairing the service lines that connect their homes to utility systems and only discover this obligation after contacting their utility during an emergency and learning that the utility has limited ability to assist. By making home protection contracts available, utilities help ensure their customers have access to affordable, reliable repair solutions before emergencies occur."

ARGUMENTS IN OPPOSITION:

None received.

SUPPORT:

Homeserve USA Corp (Sponsor)
American Property Casualty Insurance Association
Amtrust Financial Services, INC.
Bee Thumb Electric
Brea/orange County Plumbing, Heating & Air Conditioning, INC.
California Water Association
California Water Service Company
County Plumbing Restoration & Rooter
Downey Plumbing, Heating & Air Conditioning Co., INC.
East West Electric & Service Company
Frassica Plumbing Services
Gd Plumbing INC
MBR Plumbing LLC Dba Flowing Water
Morrison Electrical, INC.
Plumbing Care, INC.
San Diego Gas and Electric Company
Service Experts D/b/a Rb Travis Plumbing
Southern California Gas Company
Stan's Discount Rooter and Plumbing Repair, INC.
Works Plumbing

OPPOSITION:

None.

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