
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1224 (Jones) - Home protection contracts

Version: April 14, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: INS. 7 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: SB 1224 expands the requirements for home protection contracts by specifying that these agreements must provide cash in lieu of repair or replacement as an alternative system of service when it is impossible to repair or replace, when repair or replacement exceeds the contract aggregate, or upon the request of the consumer.

Fiscal Impact: Unknown, potentially significant fiscal impact to the California Department of Insurance (CDI), to the extent the bill's requirements necessitate rulemaking to establish valuation standards and an extensive review of updated rate filings (Insurance Fund). The transition to a cash in lieu of repair model may also result in an increased volume of consumer complaints and subsequent enforcement actions regarding the adequacy of payouts. Total administrative and enforcement costs to CDI are indeterminate but may reach the hundreds of thousands of dollars.

Background: Home warranties are also called "home protection contracts" under California law. According to CDI's website, "a home warranty is a contract between a home protection company (a.k.a. "home warranty company") and a homeowner in which the warranty company promises to repair or replace parts of a home system or certain appliances, such as washers, dryers, ovens, and refrigerators."

Home protection contracts (commonly referred to as home warranties) cover the repair or replacement of home components, systems, or appliances due to wear and tear, deterioration, or pre-existing defects. While basic plans vary, coverage can often be expanded for additional fees to include specific items such as HVAC units, kitchen appliances, and electrical components.

These contracts are distinct from homeowners' insurance policies and are not intended to overlap or replace them. While a homeowners' policy covers property damage and dwellings caused by major events or natural disasters, home protection contracts are limited to the functional failure of covered items.

Although home protection contract forms are not standardized, California law requires clear disclosure of all terms and provisions. The specific systems and components covered, along with any exclusions, are governed strictly by the language within the individual contract.

Proposed Law:

- Expands the requirements for home protection contracts by specifying that these agreements must provide cash in lieu of repair or replacement as an alternative

system of service when it is impossible to repair or replace, when repair or replacement exceeds the contract aggregate, or upon the request of the consumer.

- Makes other technical changes.

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