
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 14, 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.

***** **ANALYSIS ADDENDUM – SUSPENSE FILE** *****

**The following information is revised to reflect amendments
adopted by the committee on May 14, 2026**

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.

Author Amendments:

- Strike the requirement for home protection contracts to provide cash in lieu of repair or replacement as an alternative system of service, and all associated provisions, and instead authorize a licensed home protection company to provide this option on a case-by-case basis if:
 - The repair is impossible or economically wasteful.
 - A repair or replacement exceeds the contract aggregate.
 - Necessary to comply with CDI's fair claims settlement requirements.
 - The consumer has voluntarily accepted a cash payment.

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