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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **440**

01/23/2017 Authored by Loonan and Thissen
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to insurance; prohibiting the enforcement of certain restrictive covenants
1.3 against involuntarily terminated agents; proposing coding for new law in Minnesota
1.4 Statutes, chapter 60A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[60A.181] INVOLUNTARY TERMINATION OF AGENT;**
1.7 **ENFORCEABILITY OF CERTAIN RESTRICTIVE COVENANTS.**

1.8 A covenant or agreement entered into by an insurer and an agent is void and
1.9 unenforceable if:

1.10 (1) the agent was involuntarily terminated by the insurer; and

1.11 (2) the covenant or agreement prohibits one or both of the following activities:

1.12 (i) working in a specific geographic area for a specific period of time after the cancellation
1.13 or termination of the agency contract; or

1.14 (ii) soliciting employees of the insurer or soliciting or transacting business with customers
1.15 of the insurer.

1.16 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
1.17 final enactment and applies to a covenant or agreement in effect on, or entered into on or
1.18 after, that date.