

**SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION**

S.F. No. 1960

(SENATE AUTHORS: FISCHBACH and Nelson)

DATE	D-PG	OFFICIAL STATUS
03/25/2015	1354	Introduction and first reading Referred to Commerce
03/26/2015	1398	Author added Nelson

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
 1.4 Minnesota 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
 - 1.13 cancellation or termination of the agency contract; or
 - 1.14 (ii) soliciting employees of the insurer or soliciting or transacting business with
 - 1.15 customers 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
 1.18 or after, that date.