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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3395

05/16/2014 Authored by Atkins

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; regulating sales of insurance coverage to governmental
1.3 entities; amending Minnesota Statutes 2012, section 60K.46, by adding a
1.4 subdivision.

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

1.6 Section 1. Minnesota Statutes 2012, section 60K.46, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 9. Sales of insurance to governmental entities. An insurance broker who
1.9 provides insurance coverage to governmental entities must not:

1.10 (1) receive and retain an overriding commission in connection with the sale. For
1.11 purposes of this subdivision, an overriding commission is a portion of the proceeds of a
1.12 sale of insurance that is earned by an agent of the broker, rather than by the broker, but
1.13 which the broker retains as income for the broker;

1.14 (2) fail to disclose all compensation to the broker or agents from any potential sale
1.15 of insurance to the governmental entity; or

1.16 (3) fail to initiate and maintain a fiduciary responsibility to the governmental entity.

1.17 EFFECTIVE DATE. This section is effective July 1, 2014.