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# State of Minnesota

## HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

# H. F. No. 1493

03/05/2015 Authored by Loonan, Considine, Howe and Rarick

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  
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.