

**Sec. 2. EFFECTIVE DATE.**

Section 1 is effective the day following final enactment and applies to condemnation proceedings commenced on or after the effective date.

Approved May 28, 1987

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**CHAPTER 288—H.F.No. 1304**

*An act relating to insurance; regulating cancellations of insurance agency contracts; proposing coding for new law in Minnesota Statutes, chapter 60A.*

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

**Section 1. [60A.172] INSURANCE AGENCY CONTRACTS; CANCELLATION.**

(a) An insurer may not cancel a written agreement with an agent or, without the agent's written approval at the time of a reduction or restriction, reduce or restrict an agent's underwriting authority with respect to property or casualty insurance, based solely on the loss ratio experience on that agent's book of business, if: the insurer required the agent to submit the application for underwriting approval, all material information on the application was fully completed, and the agent has not omitted or altered any information provided by the applicant.

(b) For purposes of this section, "loss ratio experience" means the ratio of premiums paid divided by the claims paid during the previous two-year period.

(c) This section applies only to agents who write insurance business exclusively for one company and are not in the direct employ of the company.

**Sec. 2. [60A.173] EFFECTIVE DATE.**

Section 1 is effective January 1, 1987, and applies to cancellations begun as of that date. As a condition of doing business in the state of Minnesota, an insurer shall promptly reinstate any agreements canceled under section 1 and shall restore any authority reduced or restricted under section 1 from January 1, 1987, until the day following final enactment of this act.

**Sec. 3. [60A.174] SEVERABILITY.**

If section 2 is determined by a final, nonappealable order of any Minnesota or federal court of competent jurisdiction to be invalid or unconstitutional, section 1 is effective the day following final enactment.

Approved May 28, 1987

Changes or additions are indicated by underline, deletions by ~~strikeout~~.