

this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

(j) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 2. RULE REPEALER.

In order to eliminate mental illness as a disqualification factor for persons subject to background studies under section 245A.04, subdivision 3, the following rule provisions are repealed: Minnesota Rules, parts 9502.0335, subpart 6, item B; 9503.0030, subpart 3, item D; 9525.0235, subpart 6, item C; 9525.2020, subpart 3, item C; and 9555.6125, subpart 4, item H, as these provisions were in effect on January 1, 1991.

Sec. 3. RULE AMENDMENT.

The commissioner shall amend Minnesota Rules, part 9555.6125, subpart 5, as that provision was in effect on January 1, 1991, to delete the commissioner's authority to require a mental health evaluation of operators, caregivers, and household members.

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective the day following final enactment.

Presented to the governor April 22, 1991

Signed by the governor April 24, 1991, 9:55 a.m.

CHAPTER 39—H.F.No. 598

An act relating to insurance; regulating agent rehabilitations and cancellations of agency contracts by fire and casualty companies; amending Minnesota Statutes 1990, sections 60A.171; and 60A.175.

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

Section 1. Minnesota Statutes 1990, section 60A.171, is amended to read:

60A.171 REHABILITATION AND CANCELLATION OF AGENCY CONTRACTS BY FIRE AND CASUALTY LOSS INSURANCE COMPANIES.

Subdivision 1. (a) After an agency contractual relationship has been in effect for a period of three years, an insurance company writing fire or casualty loss insurance in this state may not terminate the agency contractual relationship

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with any appointed agent unless the company has attempted to rehabilitate the agent as provided in subdivision 3a and gives the agent notice in writing of the termination at least three months in advance 4. The insurer shall provide written notice of intent to rehabilitate.

(b) If the agent and company are not able to reach a mutually acceptable plan of rehabilitation, the company may terminate the agency contractual relationship after providing written notice of termination to the agent at least 90 days in advance.

(c) The notice of termination must include the reasons for termination and a copy of the notice of intent to rehabilitate.

(d) An insurance company may not terminate an agency contract based upon any of the following:

(1) an adverse loss experience for a single year;

(2) the geographic location of the agent's auto and homeowners insurance business; or

(3) the performance of obligations required of an insurer under Minnesota Statutes.

Subd. 2. The company shall at the request of the agent renew any insurance contract written by the agent for the company for not more than one year for fire or casualty loss insurance during a period of nine months after the effective date of the termination, but in the event any risk does not meet current underwriting standards of the company, the company may decline its renewal, provided that the company shall give the agent not less than 60 days notice of its intention not to renew the contract of insurance.

Subd. 3. No new business insurance or bond contract shall be written by the agent for the company after the effective date of the termination without the written approval of the company; ~~or a limited contract~~. The agent may increase liability on renewal or in force business for not more than one year for the insured after the effective date of the termination if the increased liability meets the current underwriting standards of the company.

Subd. 3a. ~~4. (a) Following proper~~ Before notice as required under subdivision 1, ~~and prior to the effective date of termination of the agency contract, in an effort to avoid termination,~~ the company shall negotiate in good faith in an effort to reach mutual agreement with the agent on a written plan for rehabilitation.

(b) The rehabilitation plan must be in writing and must contain the following elements:

(1) identification by the company of the problem areas which need rehabilitation;

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- (2) what the agent must do to avoid termination;
- (3) how the company intends to assist the agent to avoid termination;
- (4) the mutually agreed upon corrective action to be undertaken by the agent and the specific target dates for accomplishment;
- (5) periodic meeting dates at which the status of rehabilitation will be reviewed; and
- (6) the term of the written plan which must extend for at least one year ~~after the notice of termination.~~

(c) All agency contracts in existence on May 13, 1987, are subject to the rehabilitation requirement under subdivision 1. The rehabilitation plan need not be incorporated into the agency contract.

Subd. 4- ~~5~~. Nothing contained in this section prohibits the earlier termination of an amendment or addendum subsequent to the inception date of the original agency agreement provided that the subsequent amendment or addendum provides for termination on shorter notice and the agent agrees in writing to the earlier termination.

Subd. 5- ~~6~~. During the term of the contract the company shall not refuse to renew such business from the agent as would be in accordance with the company's current underwriting standards.

Subd. 6- ~~7~~. The provisions of this section do not apply to the termination of an agent's contract for insolvency, abandonment, gross and willful misconduct, or failure to pay over to the company money due to the company after receipt by the agent of a written demand therefor, or after revocation of the agent's license by the commissioner of commerce; nor to the termination of agents who write insurance business exclusively for one company or agents in the direct employ of the company.

Subd. 7- ~~8~~. All future and presently existing agency contractual relationships between an agent and a company writing fire or casualty loss insurance in this state are subject to the provisions of this section.

Subd. 8- ~~9~~. If it is found, after notice and an opportunity to be heard as determined by the commissioner of commerce, that an insurance company has violated this section, the insurance company shall be subject to a civil action by the agent for actual damages suffered because of the premature termination of the contract by the company. The commissioner of commerce shall employ the department's investigative and enforcement authority if the commissioner has a reason to believe that an insurer has violated this section. An insurer found in violation of this section is subject to a civil penalty imposed by the commissioner not to exceed \$10,000 per violation.

Subd. 10. In the event that a company's compliance with this section is demonstrated to the satisfaction of the commissioner to represent a hazard or potential hazard to the financial integrity of the company, the commissioner

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may, after a hearing, issue an order relieving the company from its obligation to provide the renewal policies otherwise required by this section.

Subd. 11. Upon termination of an agency, a company is prohibited from soliciting business in the notice of nonrenewal required by section 60A.37.

Sec. 2. Minnesota Statutes 1990, section 60A.175, is amended to read:

60A.175 AGENT COMMISSIONS.

(a) An insurer that cancels a written agreement with an agent under section 60A.171 or 60A.172 or cancels a line of business sold by the agent must pay to the agent terminated all commissions, bonuses, and other compensation earned by that agent prior to or after termination. The commission rate must be the rate in effect at the time of the notice of termination.

(b) An insurer may not reduce agent commissions, bonuses, or other compensation contained in written agreements without first providing written notice of the change to the agent at least 180 days before its effective date.

Sec. 3. EFFECTIVE DATE.

Sections 1 and 2 apply to all agency contracts or written agreements in existence on or after August 1, 1991.

Presented to the governor April 29, 1991

Signed by the governor May 1, 1991, 11:50 a.m.

CHAPTER 40—S.F.No. 339

An act relating to taxation; providing that certain nonprofit organizations that provide athletic programs qualify for a sales tax exemption on their purchases.

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

Section 1. TEMPORARY SALES TAX EXEMPTION FOR NONPROFIT ATHLETIC ORGANIZATION.

The gross receipts from the sale of tangible personal property and the storage, use, or other consumption of such property, and the gross receipts from the sale of meals and lodging, to a nonprofit educational organization that conducts athletic programs for children and adults who are persons with mental retardation or related conditions, are exempt from the taxes imposed under Minnesota Statutes, sections 297A.01 to 297A.44. Sales exempted by this section include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f). The exemption applies only to property, meals, and lodging purchased for use in the performance of the educational function of the organization. To qualify under

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