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BLOGS

State Franchise and Dealer Laws

Connecticut Franchise Act Does Not Extend Protection to Terminated Insurance Agent

The United States District Court for the District of Connecticut recently held that a terminated insurance agent could not claim the protection of the Connecticut Franchise Act (CFA). In *Garbinski v. Nationwide Mut. Ins. Co.*, Bus. Franchise Guide (CCH) ¶ 14,872 (D. Conn. July 24, 2012), Garbinski entered into an Independent Contractor Agent's Agreement with Nationwide. Under that agreement, Garbinski had the right to sell Nationwide insurance products to his customers, but also the right to sell products offered by other insurers. After Garbinski was charged in connection with a highly publicized domestic incident with his wife, Nationwide terminated his independent contractor agreement. Garbinski brought suit, claiming that Nationwide had terminated him in violation of the CFA.

In siding with Nationwide, the court found that an independent insurance agency is not a franchise within the meaning of the CFA. The court found it persuasive that Nationwide did not prescribe a marketing plan for Garbinski's agency and Garbinski retained the right to sell insurance products offered by other insurance companies. Even if Garbinski's independent insurance agency could be considered a franchise, the court found that Nationwide had good cause under the CFA to terminate Garbinski because his domestic incident breached the terms of his agreement. The court found that Nationwide could reasonably conclude that Garbinski's conduct breached his obligation to maintain a positive reputation in the community. The court thus granted Nationwide summary judgment on Garbinski's wrongful termination claim.