

faculties, or any other injury which totally incapacitates the ~~applicant~~ participant from working his farm.

Sec. 16. Minnesota Statutes 1982, section 41.61, subdivision 1, is amended to read:

Subdivision 1. **SPECIAL ACCOUNT; STANDING APPROPRIATION.** There is appropriated from the general fund to a special account in the state treasury the sum of \$10,000,000 to be invested by the state board of investment in such securities as authorized by law.

Such sums as may be The amount needed from time to time to pay lenders for defaulted loans and to pay insurance premiums and taxes on defaulted farms is appropriated from the special account to the commissioner. Money is also appropriated to the commissioner from the special account so that the commissioner may purchase the rights of first lienholders at mortgage foreclosure sales. The sum of all outstanding family farm security loans guaranteed by the commissioner at any time shall may not exceed ten times the amount of money in the special account created in this subdivision.

Sec. 17. Minnesota Statutes 1982, section 15.38, is amended by adding a subdivision to read:

Subd. 5. FAMILY FARM SECURITY PROGRAM. The commissioner of agriculture may purchase insurance as authorized in section 41.56, subdivision 7.

Sec. 18. **EFFECTIVE DATE.**

This act is effective the day following final enactment.

Approved June 14, 1983

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## CHAPTER 333 — H.F.No. 855

*An act relating to contracts; prohibiting the enforcement of indemnification agreements in construction contracts, except in cases of negligence or other wrongful acts; proposing new law coded as Minnesota Statutes, chapter 337.*

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

Section 1. [337.01] **BUILDING AND CONSTRUCTION CONTRACTS; INDEMNIFICATION AGREEMENTS.**

Subdivision 1. DEFINITION. As used in sections 1 to 5 the following terms have the meanings assigned to them.

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

Subd. 2. BUILDING AND CONSTRUCTION CONTRACT. "Building and construction contract" means a contract for the design, construction, alteration, improvement, repair or maintenance of real property, highways, roads or bridges. The term does not include contracts for the maintenance or repair of machinery, equipment or other such devices used as part of a manufacturing, converting or other production process, including electric, gas, and telephone utility equipment.

Subd. 3. INDEMNIFICATION AGREEMENT. "Indemnification agreement" means an agreement by the promisor to indemnify or hold harmless the promisee against liability or claims of liability for damages arising out of bodily injury to persons or out of damage to property.

Subd. 4. PROMISEE. "Promisee" includes that party's independent contractors, agents, employees or indemnities.

**Sec. 2. [337.02] UNENFORCEABILITY OF CERTAIN AGREEMENTS.**

An indemnification agreement contained in, or executed in connection with, a building and construction contract is unenforceable except to the extent that the underlying injury or damage is attributable to the promisor's negligent or otherwise wrongful act or omission, including breach of a specific contractual duty.

**Sec. 3. [337.03] NONAPPLICATION TO CERTAIN AGREEMENTS.**

Sections 1 to 5 do not apply to an agreement by which a contractor responsible for the performance of a building and construction contract indemnifies a person, firm, corporation, or public agency for whose account the construction is not being performed, but who, as an accommodation, permits the contractor to enter upon or adjacent to its property for the purpose of performing the building and construction contract for another. Sections 1 to 5 do not apply to an indemnification agreement which is an integral part of an offer to compromise or settlement of a disputed claim, if:

(a) the settlement is based on consideration;

(b) the dispute relates to an alleged event which is related to a construction contract and which occurred before the settlement is made; and

(c) the indemnification relates only to claims which have arisen or may arise from the past event.

**Sec. 4. [337.04] VALIDITY OF OTHER AGREEMENTS.**

Sections 1 to 5 do not affect the validity of any insurance contract, workers' compensation agreement, construction bond, or other agreement lawfully issued by an insurer or bonding company.

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

Sec. 5. [337.05] AGREEMENTS TO INSURE.

Subdivision 1. AGREEMENTS VALID. Sections 1 to 5 do not affect the validity of agreements whereby a promisor agrees to provide specific insurance coverage for the benefit of others.

Subd. 2. INDEMNIFICATION FOR BREACH OF AGREEMENT.

If:

(a) a promisor agrees to provide specific types and limits of insurance; and

(b) a claim arises within the scope of the specified coverage; and

(c) the promisor did not obtain and keep in force the specified coverage;

then the promisee may have indemnification from the promisor to the same extent as the specified coverage.

Subd. 3. WHEN INDEMNIFICATION NOT AVAILABLE. The indemnification stated in subdivision 2 is not available if:

(a) the specified insurance was not reasonably available in the market; and

(b) the promisor so informed the other party to the agreement to insure before signing the agreement, or signed the agreement subject to a written exception as to the nonavailable insurance.

Sec. 6. EFFECTIVE DATE.

Sections 1 to 5 are effective May 1, 1984, and apply to all applicable agreements executed on or after that date.

Approved June 14, 1983

CHAPTER 334 — H.F.No. 857

*An act relating to labor; establishing the job skills partnership; creating a board; appropriating money; proposing new law coded as Minnesota Statutes, chapter 116K.*

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

Section 1. [116L.01] DEFINITIONS.

Subdivision 1. GENERALLY. For the purposes of sections 1 to 6 the terms defined in this section have the meanings given them.

Subd. 2. PARTNERSHIP. "Partnership" means the Minnesota job skills partnership created by section 2.

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