

(2) reasonable funeral expenses;

(3) debts and taxes with preference under federal law;

(4) reasonable and necessary medical ~~and~~ hospital, or nursing home expenses of the last illness of the decedent, including compensation of persons attending the decedent and including a claim filed pursuant to section 256B.15;

(5) reasonable and necessary medical, hospital, and nursing home expenses for the care of the decedent during the year immediately preceding death;

~~(5)~~ (6) debts with preference under other laws of this state, and state taxes;

~~(6)~~ (7) all other claims.

(b) No preference shall be given in the payment of any claim over any other claim of the same class, and a claim due and payable shall not be entitled to a preference over claims not due, except that if claims for expenses of the last illness involve only claims filed under section 246.53 for costs of state hospital care and claims filed under section 256B.15, claims filed under section 246.53 have preference over claims filed under section 256B.15.

Sec. 3. EFFECTIVE DATE.

Section 2 is effective the day following final enactment for claims filed on or after the effective date of section 2.

Approved May 29, 1987

CHAPTER 326—H.F.No. 141

An act relating to liability; authorizing the elimination or limitation of a director's personal liability to a cooperative association or its members; exempting certain directors, members, and agents of nonprofit corporations from civil liability; exempting certain members of hospital district boards from certain civil liability; amending Minnesota Statutes 1986, sections 317.201; and 447.32, by adding a subdivision; and proposing coding for new law in Minnesota Statutes, chapter 308.

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

Section 1. [308.111] ELIMINATION OR LIMITATION OF LIABILITY.

A director's personal liability to the cooperative association or its members for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the articles. The articles shall not eliminate or limit the liability of a director:

(1) for a breach of the director's duty of loyalty to the cooperative association or its members;

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

(2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(3) for a transaction from which the director derived an improper personal benefit; or

(4) for an act or omission occurring prior to the date when the provision in the articles eliminating or limiting liability becomes effective.

Sec. 2. Minnesota Statutes 1986, section 317.201, is amended to read:

317.201 UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.

A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities:

Subdivision 1. GENERALLY. Except as provided in subdivision 2, no person who serves without compensation as a director, officer, trustee, member, or agent of an organization exempt from state income taxation under section 290.05, subdivision 2, or who serves without compensation as a fire chief of a nonprofit firefighting corporation or municipal volunteer fire department, shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a director, officer, trustee, member, agent or fire chief of the organization, and did not constitute willful or reckless misconduct.

Subd. 2. EXCEPTIONS. Subdivision 1 does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law;

(3) a cause of action based on the person's express contractual obligation; or

(4) an action or proceeding based on a breach of public pension plan fiduciary responsibility.

Nothing in subdivision 1 limits an individual's liability for physical injury to the person of another or for wrongful death which is personally and directly caused by that individual, nor the liability of a municipality arising out of the performance of firefighting or related activities.

Subd. 3. DEFINITION. For purposes of this section, the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

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(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to section 15.059, subdivision 3; or

(3) payment by an organization of insurance premiums on behalf of a person who is or was a director, officer, trustee, member, or agent of an organization, or who, while a director, officer, trustee, member, or agent of the organization, is or was serving at the request of the organization as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against any liability asserted against and incurred by the person in or arising from that capacity.

Sec. 3. Minnesota Statutes 1986, section 447.32, is amended by adding a subdivision to read:

Subd. 9. LIABILITY FOR DAMAGES. Except as otherwise provided in this subdivision, no person who serves without compensation as a member of the board of a hospital district created or organized under sections 447.31 to 447.37 shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a member of the board, and did not constitute willful or reckless misconduct. This subdivision does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law; or

(3) a cause of action based on the board member's express contractual obligation.

Nothing in this subdivision shall be construed to limit the liability of a member of the board for physical injury to the person of another or for wrongful death which is personally and directly caused by the board member.

For purposes of this subdivision the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to section 15.059, subdivision 3; or

(3) payment by the hospital district of insurance premiums on behalf of a member of the board.

Sec. 4. **EFFECTIVE DATE.**

Sections 1, 2, and 3 are effective August 1, 1987, and apply to claims arising from incidents occurring after that date.

Approved May 29, 1987

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