Overview

Section 1 of this bill would make it legal to sell liability insurance to cover vicarious liability for punitive or exemplary damages. Punitive and exemplary damages are similar to each other. They are awarded occasionally by courts in addition to compensatory damages, which compensate the victim. Punitive damages are meant to punish a defendant. Exemplary damages are meant to set an example to deter the defendant or others from future behavior of the type that led to the lawsuit. Vicarious liability of a defendant is liability based not on what that defendant did, but rather on that defendant's relationship to some other defendant. For instance, an employer that did nothing wrong could be held vicariously liable for an act committed by an employee and required to pay damages, simply because the employer employed that defendant.

Sections 1 and 2 are unrelated. Section 2 would permit adjustment of terms of office of board members of fraternal benefit societies. This would make it easier for fraternals to change their governance structure.

1 **Statutory Lines.** Amends the list of types of insurance permitted to be sold in Minnesota by adding liability insurance for vicarious liability for punitive or exemplary damages.

2 **Representative form of government.** Permits fraternals to adjust the terms of office of their board members to facilitate changes in governance structure.

3 **Effective Date.** Immediate effective date.