

or possessions, or Canada. A reparation obligor shall also be liable to pay sums which another reparation obligor is entitled to recover under the indemnity provisions of section 65B.53, subdivision 1.

(3) Every plan of reparation security shall be subject to the following provisions which need not be contained therein:

(a) The liability of the reparation obligor with respect to the residual liability coverage required by this clause shall become absolute whenever injury or damage occurs; such liability may not be canceled or annulled by any agreement between the reparation obligor and the insured after the occurrence of the injury or damage; no statement made by the insured or on the insured's behalf and no violation of said policy shall defeat or void said policy.

(b) The satisfaction by the insured of a judgment for such injury or damage shall not be a condition precedent to the right or duty of the reparation obligor to make payment on account of such injury or damage.

(c) The reparation obligor shall have the right to settle any claim covered by the residual liability insurance policy, and if such settlement is made in good faith, the amount thereof shall be deductible from the limits of liability for the accident out of which such claim arose.

(d) Except as provided in subdivision 5a, a residual liability insurance policy shall be excess of a nonowned vehicle policy whether the nonowned vehicle is borrowed or rented, or used for business or pleasure. A nonowned vehicle is one not used or provided on a regular basis.

Sec. 2. **EFFECTIVE DATE; APPLICATION.**

Section 1 is effective the day following final enactment and applies to policies issued or renewed on or after that date.

Presented to the governor March 13, 2002

Signed by the governor March 14, 2002, 3:03 p.m.

CHAPTER 235—H.F.No. 1189

An act relating to annexation; providing for the election of municipal council members after certain annexations; amending Minnesota Statutes 2000, sections 414.031, subdivision 4a; and 414.09, subdivision 3.

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

Section 1, Minnesota Statutes 2000, section 414.031, subdivision 4a, is amended to read:

Subd. 4a. **PROCEEDINGS INITIATED BY JOINT RESOLUTION PROVIDING FOR ELECTION OF NEW MUNICIPAL OFFICERS.** If the proceeding

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has been initiated under subdivision 1, clause (d), Any annexation order under this section for annexation by a single municipality of an entire township shall include a provision for the election of new municipal officers in accordance with section 414.09. The director of the office of strategic and long-range planning, or the director's designee, may also order an election of new municipal officers in accordance with section 414.09 as part of any other annexation order under this section if the director or the director's designee determines that such an election would be equitable. The expanded municipality shall be governed by the home rule charter or statutory form which governs the annexing municipality, except that any ward system for the election of council members shall be inoperable. The ordinances of both the annexing municipality and the township shall continue in effect within the former boundaries until repealed by the governing body of the new municipality.

Notwithstanding any other provision of law to the contrary the board director of the office of strategic and long-range planning, or the director's designee, may provide for election of council members by wards, not less than three nor more than seven in number, whose limits are prescribed in the board order, upon a finding that area representation is required to accord proper representation in the municipality because of uneven population density in different parts thereof or the existence of agricultural lands therein which are in the path of suburban development; but after four years from the effective date of an annexation the council of the municipality may by resolution adopted by a four-fifths vote abolish the ward system and provide for the election of all council members at large.

Until the effective date of the annexation order, the town board and other officers of the town shall continue to exercise their powers and duties under the town laws in that portion of the municipality that was formerly the town, and the council and other officers of the annexing municipality shall continue to exercise their powers and duties in that portion of the expanded municipality that was formerly the municipality. Thereafter the town board and the council of the annexing municipality shall have no jurisdiction within the municipality, and the new municipal council and other new officers shall act in respect to any matters previously undertaken by the town board of supervisors or municipal council within the limits of the expanded municipality, including the making of any improvement and the levying of any special assessments therefor in the same manner and to the same effect as if such improvement had been undertaken by the municipality.

The new municipal council may continue or discontinue any board that may have previously existed in the town or former municipality.

Sec. 2. Minnesota Statutes 2000, section 414.09, subdivision 3, is amended to read:

Subd. 3. **ELECTIONS OF MUNICIPAL OFFICERS.** An order approving an incorporation or consolidation pursuant to this chapter, or an order requiring an election under section 414.031, subdivision 4a, shall set a date for this election of new municipal officers not less than 45 days nor more than 60 days after the issuance of such order.

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The ~~board~~ director shall appoint an acting clerk for election purposes, at least three election judges who shall be residents of the new municipality, and shall designate polling places within the new municipality.

The acting clerk shall prepare the official election ballot. Affidavits of candidacy may be filed by any person eligible to hold municipal office not more than four weeks nor less than two weeks before the date designated by the board in the order for the election.

The election shall be conducted in conformity with the charter and the laws for conducting municipal elections insofar as applicable. Any person eligible to vote at a township or municipal election within the area of the new municipality, is eligible to vote at such election.

Any excess in the expense of conducting the election over receipts from filing fees shall be a charge against the new municipality; any excess of receipts shall be deposited in the treasury of the new municipality.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment and apply to annexations ordered on or after that date.

Presented to the governor March 13, 2002

Signed by the governor March 14, 2002, 3:07 p.m.

CHAPTER 236—H.F.No. 1620

An act relating to annexation; strengthening the effect of an orderly annexation agreement; amending Minnesota Statutes 2000, section 414.0325, by adding a subdivision.

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

Section 1. Minnesota Statutes 2000, section 414.0325, is amended by adding a subdivision to read:

Subd. 6. **VALIDITY, EFFECT OF ORDERLY ANNEXATION AGREEMENT.** An orderly annexation agreement is a binding contract upon all parties to the agreement and is enforceable in the district court in the county in which the unincorporated property in question is located. The provisions of an orderly annexation agreement are not preempted by any provision of this chapter unless the agreement specifically provides so. If an orderly annexation agreement provides the exclusive procedures by which the unincorporated property identified in the agreement may be annexed to the municipality, the municipality shall not annex that property by any other procedure.

New language is indicated by underline, deletions by ~~strikeout~~.