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HB 381/96 - JUD

1997 Regular Session
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By: Delegate Harkins

Introduced and read first time: January 23, 1997

Assigned to: Judiciary

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 18, 1997

CHAPTER ____

1 AN ACT concerning

2 **Recovery by Minor in Tort - Trust Assets**

3 FOR the purpose of allowing a trustee for a minor who recovers in tort to invest or
4 reinvest the proceeds of the check in certain stock funds subject to certain
5 limitations; altering the limit on the ~~amount~~ percentage of trust assets that may be
6 invested in certain money market funds; establishing a certain limit on the
7 percentage of trust assets that may be invested in certain stock funds; establishing a
8 certain limit on the percentage of trust assets that may be invested in any
9 combination of certain money market funds and certain stock funds; providing for
10 the application of this Act; and generally relating to trust assets of a minor who
11 recovers in tort.

12 BY repealing and reenacting, with amendments,
13 Article - Estates and Trusts
14 Section 13-404
15 Annotated Code of Maryland
16 (1991 Replacement Volume and 1996 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Estates and Trusts**

20 13-404.

21 (a) The trustee need not give bond.

22 (b) (1) A trustee who receives a check under § 13-403 of this subtitle shall:

2

1 (i) Subject to paragraph (3) of this subsection, deposit the check in
2 any financial institution as defined in § 13-301 of this title; or

3 (ii) Invest or reinvest the proceeds of the check, directly or by
4 securities or other interests of a broker or dealer, in [general obligations of or obligations
5 guaranteed by the United States or this State, or other obligations of the United States or
6 this State or of its political subdivisions, agencies, authorities, or municipal corporations
7 that are rated in one of the two highest rating categories by a nationally recognized credit
8 rating agency, or in the form of securities or other interests in any open-end management
9 investment company or investment trust that is registered under, and meets the criteria of
10 a money market fund that are specified in, the Federal Investment Company Act of 1940,
11 15 U.S.C. § 80A-1 et seq., and the regulations adopted under that law];

12 1. GENERAL OBLIGATIONS OF OR OBLIGATIONS
13 GUARANTEED BY THE UNITED STATES OR THIS STATE;

14 2. OTHER OBLIGATIONS OF THE UNITED STATES OR THIS
15 STATE OR OF ITS POLITICAL SUBDIVISIONS, AGENCIES, AUTHORITIES, OR
16 MUNICIPAL CORPORATIONS THAT ARE RATED IN ONE OF THE TWO HIGHEST
17 RATING CATEGORIES BY A NATIONALLY RECOGNIZED CREDIT RATING AGENCY; OR

18 3. ANY OPEN END MANAGEMENT INVESTMENT COMPANY
19 OR INVESTMENT TRUST THAT IS REGISTERED UNDER THE FEDERAL INVESTMENT
20 COMPANY ACT OF 1940, 15 U.S.C. § 80A-1 ET SEQ., AND THAT:

21 A. MEETS THE CRITERIA OF A MONEY MARKET FUND THAT
22 ARE SPECIFIED IN THE FEDERAL INVESTMENT COMPANY ACT AND THE
23 REGULATIONS ADOPTED UNDER THAT LAW; OR

24 B. IN A PROSPECTUS FILED WITH THE SECURITIES AND
25 EXCHANGE COMMISSION OF THE FEDERAL GOVERNMENT, STATES AS A PRINCIPAL
26 INVESTMENT OBJECTIVE LONG-TERM GROWTH OR CAPITAL APPRECIATION
27 THROUGH INVESTMENTS IN EQUITY SECURITIES.

28 (2) If the trustee deposits the check in a financial institution under
29 paragraph (1)(i) of this subsection, the trustee may direct the financial institution to
30 invest or reinvest the proceeds of the check in a certificate of deposit or other interest
31 bearing account.

32 (3) Deposits in a financial institution under paragraph (1)(i) of this
33 subsection may not exceed the amount of insurance provided for such deposits.

34 ~~(4) Investments [in money market funds under paragraph (1)(ii)] UNDER~~
35 ~~PARAGRAPH (1)(II)3A AND B of this subsection may not exceed [25%] RESPECTIVELY~~
36 ~~30% of trust assets at the time of the investment.~~

37 (4) INVESTMENTS IN MONEY MARKET FUNDS UNDER PARAGRAPH
38 (1)(II)3A OF THIS SUBSECTION, INVESTMENTS IN STOCK MUTUAL FUNDS UNDER
39 PARAGRAPH (1)(II)3B OF THIS SECTION, AND INVESTMENTS IN ANY COMBINATION
40 OF BOTH MONEY MARKET FUNDS AND STOCK MUTUAL FUNDS MAY NOT EXCEED
41 30% OF THE TRUST ASSETS AT THE TIME OF INVESTMENT.

3

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to any
2 trust under § 13-404 of the Estates and Trust Article that is in existence on or after the
3 effective date of this Act.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 1997.