

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 641

(Senator Elfreth)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

State Retirement and Pension System - Fiduciary Insurance

This bill authorizes the State to satisfy a statutory requirement that it purchase a bond for each fiduciary of the State Retirement and Pension System (SRPS) by instead purchasing an insurance policy. The Treasurer, in consultation with the SRPS Board of Trustees, must determine the type and amount of coverage provided by the insurance policy. **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: None. The bill conforms statute to current practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State must purchase a bond for each fiduciary of SRPS, which is required for a fiduciary to exercise custody or control of any SRPS assets. A fiduciary may not allow another fiduciary to act in violation of the bonding requirement.

The Maryland State Employees Surety Bond Committee – which consists of the State Treasurer, State Comptroller, and the Attorney General or their designees – is authorized to periodically set the type and amount of the bonds for each State officer and employee who is required to be bonded by statute, as specified.

Background: The State Retirement Agency (SRA) notified the Joint Committee on Pensions (JCP) that the statutory language regarding bonding of system fiduciaries was largely obsolete due to the system maintaining a \$1 million employee theft insurance policy that covers direct loss or damage to money, securities, or other property caused by theft or forgery committed by an SRA employee or member of the Board of Trustees. JCP agreed to sponsor legislation to conform statute to current practice. The Governor's proposed fiscal 2022 budget includes \$203,700 for the insurance policy premium.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 844 (Delegate Lierman)(Chair, Joint Committee on Pensions)
- Appropriations.

Information Source(s): Maryland State Treasurer's Office; State Retirement Agency;
Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2021
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