
By: Delegate Harkins

Introduced and read first time: January 26, 1996

Assigned to: Judiciary

A BILL ENTITLED

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; altering the limit on the
5 amount of trust assets that may be invested in certain money market and stock
6 funds; and generally relating to trust assets of a minor who recovers in tort.

7 BY repealing and reenacting, with amendments,
8 Article - Estates and Trusts
9 Section 13-404
10 Annotated Code of Maryland
11 (1991 Replacement Volume and 1995 Supplement)

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

14 **Article - Estates and Trusts**

15 13-404.

16 (a) The trustee need not give bond.

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

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

20 (ii) Invest or reinvest the proceeds of the check, directly or by
21 securities or other interests of a broker or dealer, in general obligations of or obligations
22 guaranteed by the United States or this State, or other obligations of the United States or
23 this State or of its political subdivisions, agencies, authorities, or municipal corporations
24 that are rated in one of the two highest rating categories by a nationally recognized credit
25 rating agency, or in the form of securities or other interests in any open-end management
26 investment company or investment trust that is registered under, and meets the criteria of
27 a money market fund OR OF A CONSERVATIVE STOCK FUND, SUCH AS ONE THAT USES
28 THE STANDARD AND POOR'S 500 STOCK INDEX AS ITS INVESTMENT OBJECTIVE, that
29 are specified in[,] the Federal Investment Company Act of 1940, 15 U.S.C. § 80A-1 et
30 seq., and the regulations adopted under that law.

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

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

7 (4) Investments in money market funds AND CONSERVATIVE STOCK
8 FUNDS under paragraph (1)(ii) of this subsection may not exceed [25%] 30% of trust
9 assets at the time of the investment.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 1996.