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By: **Delegate Hurson**

Introduced and read first time: March 7, 2005

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **College Savings Plans of Maryland Board - Other Financial Products**

3 FOR the purpose of authorizing the College Savings Plans of Maryland Board to  
4 provide certain financial products and services to account holders for the benefit  
5 of beneficiaries under the College Savings Plans of Maryland; providing that the  
6 sale or offer of an insurance product by the Board is subject to the provisions of  
7 insurance law; requiring the Board, in consultation with the Insurance  
8 Commissioner, to adopt regulations to implement this Act; exempting certain  
9 expenditures by the Board from certain provisions of the procurement law;  
10 defining certain terms; making certain stylistic changes; and generally relating  
11 to the College Savings Plans of Maryland Board.

12 BY repealing and reenacting, without amendments,  
13 Article - Education  
14 Section 18-1904(a) and (b)  
15 Annotated Code of Maryland  
16 (2004 Replacement Volume and 2004 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article - Education  
19 Section 18-1905(f)  
20 Annotated Code of Maryland  
21 (2004 Replacement Volume and 2004 Supplement)

22 BY adding to  
23 Article - Education  
24 Section 18-19B-01 to be under the new subtitle "Subtitle 19B. College Savings  
25 Plans of Maryland Board - Other Financial Products"  
26 Annotated Code of Maryland  
27 (2004 Replacement Volume and 2004 Supplement)

28 BY repealing and reenacting, with amendments,  
29 Article - State Finance and Procurement

1 Section 11-203(f)  
2 Annotated Code of Maryland  
3 (2001 Replacement Volume and 2004 Supplement)

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

6 **Article - Education**

7 18-1904.

8 (a) There is a College Savings Plans of Maryland Board.

9 (b) The Board shall administer:

10 (1) The Maryland Prepaid College Trust established under this subtitle;  
11 and

12 (2) The Maryland College Investment Plan established under Subtitle  
13 19A of this title.

14 18-1905.

15 (f) In addition, the Board may:

16 (1) Adopt an official seal;

17 (2) Sue and be sued;

18 (3) Execute contracts and other necessary instruments;

19 (4) Hold, buy, and sell instruments, obligations, securities, and other  
20 investments consistent with its comprehensive investment plan;

21 (5) Enter into agreements with eligible institutions of higher education  
22 and other public or private entities for the promotion, administration, or marketing of  
23 the Program, the Trust, or the Plan;

24 (6) Invest funds not required for immediate disbursement;

25 (7) Solicit and accept gifts, grants, loans, or other aid from any source or  
26 participate in any government program for purposes consistent with this subtitle and  
27 Subtitle 19A of this title;

28 (8) Subject to the review of the General Assembly, impose and collect  
29 reasonable administrative fees for any transactions under the Trust or the Plan or  
30 involving prepaid contracts or transactions affecting the Program, the Trust, or the  
31 Plan;

1 (9) Procure insurance against any loss of assets of the Program, the  
2 Trust, or the Plan;

3 (10) Endorse insurance coverage written exclusively for the purpose of  
4 protecting:

5 (i) A prepaid contract under the Trust and the account holder and  
6 the qualified beneficiary of the contract; or

7 (ii) An investment account under the Plan and the account holder  
8 and qualified designated beneficiary of the investment account[.];

9 (11) PROVIDE OTHER FINANCIAL PRODUCTS AND SERVICES TO ACCOUNT  
10 HOLDERS, INCLUDING INSURANCE PRODUCTS, IN ACCORDANCE WITH SUBTITLE 19B  
11 OF THIS TITLE FOR THE PURPOSE OF ENHANCING PARTICIPATION IN THE PROGRAM  
12 AND PROTECTING ACCOUNT HOLDERS, QUALIFIED BENEFICIARIES, AND QUALIFIED  
13 DESIGNATED BENEFICIARIES UNDER THE TRUST AND THE PLAN;

14 (12) Designate terms under which money may be withdrawn from the  
15 Program, the Trust, or the Plan;

16 [(12)] (13) Establish additional procedural and substantive requirements  
17 for participation in and the administration or marketing of the Program, the Trust, or  
18 the Plan;

19 [(13)] (14) Appear on the Board's own behalf before other boards,  
20 commissions, or other governmental agencies; and

21 [(14)] (15) Take any other action that the Board considers appropriate to  
22 implement and administer the Program, the Trust, or the Plan.

23 SUBTITLE 19B. COLLEGE SAVINGS PLANS OF MARYLAND BOARD - OTHER  
24 FINANCIAL PRODUCTS.

25 18-19B-01.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
27 INDICATED.

28 (2) "ACCOUNT HOLDER" HAS THE MEANING STATED IN § 18-1901 OR §  
29 18-19A-01 OF THIS TITLE.

30 (3) "BOARD" MEANS THE COLLEGE SAVINGS PLANS OF MARYLAND  
31 BOARD.

32 (4) "PLAN" MEANS THE MARYLAND COLLEGE INVESTMENT PLAN  
33 ESTABLISHED UNDER SUBTITLE 19A OF THIS TITLE.

34 (5) "PROGRAM" MEANS THE COLLEGE SAVINGS PLANS OF MARYLAND.

1 (6) "QUALIFIED BENEFICIARY" HAS THE MEANING STATED IN § 18-1901  
2 OF THIS TITLE.

3 (7) "QUALIFIED DESIGNATED BENEFICIARY" HAS THE MEANING STATED  
4 IN § 18-9A-01 OF THIS TITLE.

5 (8) "TRUST" MEANS THE MARYLAND PREPAID COLLEGE TRUST  
6 ESTABLISHED UNDER SUBTITLE 19 OF THIS TITLE.

7 (B) (1) TO ENHANCE PARTICIPATION IN THE PROGRAM AND TO PROTECT  
8 ACCOUNT HOLDERS, QUALIFIED BENEFICIARIES, AND QUALIFIED DESIGNATED  
9 BENEFICIARIES UNDER THE TRUST AND THE PLAN, THE BOARD MAY PROVIDE  
10 OTHER FINANCIAL PRODUCTS AND SERVICES TO ACCOUNT HOLDERS FOR THE  
11 BENEFIT OF QUALIFIED BENEFICIARIES AND QUALIFIED DESIGNATED  
12 BENEFICIARIES UNDER THE PROGRAM.

13 (2) THE FINANCIAL PRODUCTS AND SERVICES MAY INCLUDE  
14 INSURANCE PRODUCTS OR RIDERS FOR LIFE, HEALTH, OR DISABILITY INSURANCE.

15 (C) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, THE SALE OR  
16 OFFER OF AN INSURANCE PRODUCT BY THE BOARD IS SUBJECT TO THE PROVISIONS  
17 OF THE INSURANCE ARTICLE.

18 (D) THE BOARD, IN CONSULTATION WITH THE INSURANCE COMMISSIONER,  
19 SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

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#### **Article - State Finance and Procurement**

21 11-203.

22 (f) Except as provided in Title 14, Subtitle 3 of this article, this Division II  
23 does not apply to the College Savings Plans of Maryland for:

24 (1) services of managers to invest the assets of the Maryland Prepaid  
25 College Trust in accordance with the comprehensive investment plan adopted by the  
26 College Savings Plans of Maryland Board under § 18-1906 of the Education Article;  
27 [and]

28 (2) expenditures to manage, maintain, and enhance the value of the  
29 assets of the Maryland Prepaid College Trust in accordance with the comprehensive  
30 investment plan adopted by the College Savings Plans of Maryland Board under §  
31 18-1906 of the Education Article; AND

32 (3) EXPENDITURES BY THE COLLEGE SAVINGS PLANS OF MARYLAND  
33 BOARD TO PROVIDE OTHER FINANCIAL PRODUCTS AND SERVICES, INCLUDING  
34 INSURANCE PRODUCTS, TO ACCOUNT HOLDERS FOR THE BENEFIT OF QUALIFIED  
35 BENEFICIARIES AND QUALIFIED DESIGNATED BENEFICIARIES UNDER THE COLLEGE  
36 SAVINGS PLANS OF MARYLAND IN ACCORDANCE WITH § 18-19B-01 OF THE  
37 EDUCATION ARTICLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 2005.