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**TO:** The Honorable Joseline Peña-Melnyk  
Chair, Health & Government Operations Committee

The Honorable C.T. Wilson  
Chair, Economic Matters Committee

**FROM:** Tiffany Johnson Clark  
Chief, Legislative Affairs, Office of the Attorney General

**RE:** House Bill 1012 - State Officers and Employees - Required Surety Bonds -  
Insurance Policies Authorized - **Support**

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The Office of the Attorney General respectfully requests a favorable report on House Bill 1012 - State Officers and Employees - Required Surety Bonds - Insurance Policies Authorized. House Bill 1012 (1) alters the requirements that certain officers and employees of the State be covered by certain surety bonds to allow the officers and employees to be covered by certain insurance policies and (2) transferring the duties and responsibilities of the Maryland State Employees Surety Bond Committee to the State Treasurer, among other things.

House Bill 1012 will reduce the costs and administrative burdens placed on State Treasurer's Office(STO) and other agencies for obtaining individual surety bonds for various fiduciaries. Having the option to obtain one insurance policy to cover multiple individuals would also reduce costs to the State. Commercial insurance is typically a more cost-effective way to insure against losses as compared with an individual fiduciary bond, because insurance can cover

many State personnel for a single annual premium and broker fee, as opposed to multiple bonds, premiums, and broker fees.

Additionally, the General Assembly created the Maryland State Employees Surety Bond Committee to set the type and amount of bonds for State officers and employees who are required to be bonded. Although the Attorney General, Comptroller, and Treasurer serve on the Committee, it appears that the Committee has not met or conducted business since 2005. As the STO has experience and expertise with administering the State's insurance program and managing the sale of bonds – it is appropriate to transfer the responsibilities of the Surety Bond Committee to the STO.

For the foregoing reasons the Office of the Attorney General requests a favorable report on House Bill 1012.

cc: Committee Members