

HOUSE BILL 1012

P1, C4

4lr2887
CF SB 775

By: **The Speaker (By Request – State Treasurer)**

Introduced and read first time: February 5, 2024

Assigned to: Health and Government Operations and Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 2, 2024

CHAPTER _____

1 AN ACT concerning

2 **State Officers and Employees – Required Surety Bonds – Insurance Policies**
3 **Authorized**

4 FOR the purpose of altering the requirements that certain officers and employees of the
5 State be covered by certain surety bonds to allow the officers and employees to be
6 covered by certain insurance policies; transferring certain duties and responsibilities
7 of the Maryland State Employees Surety Bond Committee to the State Treasurer;
8 repealing certain provisions of law related to the approval, form, and record of
9 certain surety bonds required for certain officers and employees of the State; and
10 generally relating to surety bond and insurance coverage requirements for certain
11 officers and employees of the State.

12 BY repealing and reenacting, with amendments,
13 Article – Agriculture
14 Section 8–205(c)(8) and 8–303(c)
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2023 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Business Occupations and Professions
19 Section 3–204(d)(2), 7–203(c), 16–203(c), 16–205(e), 17–203(d), and 17–205(f)
20 Annotated Code of Maryland
21 (2018 Replacement Volume and 2023 Supplement)

22 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



- 1 Article – Business Regulation
2 Section 4–204(d), 8–205(d), and 11–204(d)
3 Annotated Code of Maryland
4 (2015 Replacement Volume and 2023 Supplement)
- 5 BY repealing and reenacting, with amendments,
6 Article – Correctional Services
7 Section 3–217
8 Annotated Code of Maryland
9 (2017 Replacement Volume and 2023 Supplement)
- 10 BY repealing and reenacting, with amendments,
11 Article – Economic Development
12 Section 10–313(b)
13 Annotated Code of Maryland
14 (2018 Replacement Volume and 2023 Supplement)
- 15 BY repealing
16 Article – Education
17 Section 18–1908(a)
18 Annotated Code of Maryland
19 (2022 Replacement Volume and 2023 Supplement)
- 20 BY adding to
21 Article – Education
22 Section 18–1908(a)
23 Annotated Code of Maryland
24 (2022 Replacement Volume and 2023 Supplement)
- 25 BY repealing and reenacting, with amendments,
26 Article – Insurance
27 Section 2–103(e) and 2–104(a)(3)
28 Annotated Code of Maryland
29 (2017 Replacement Volume and 2023 Supplement)
- 30 BY repealing and reenacting, with amendments,
31 Article – Labor and Employment
32 Section 8–414(b)(1)
33 Annotated Code of Maryland
34 (2016 Replacement Volume and 2023 Supplement)
- 35 BY repealing and reenacting, with amendments,
36 Article – Natural Resources
37 Section 3–103(e)(1)(v) and (2)(ii) and 3–903(g)
38 Annotated Code of Maryland
39 (2023 Replacement Volume and 2023 Supplement)

- 1 BY repealing and reenacting, with amendments,
2 Article – State Finance and Procurement
3 Section 8–135(c)
4 Annotated Code of Maryland
5 (2021 Replacement Volume and 2023 Supplement)
- 6 BY repealing and reenacting, with amendments,
7 Article – State Government
8 Section 2–1218(b)(3), 4–102, 4–104(b)(2), 5–102, 5–102.1, and 5–105(a)(2)
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2023 Supplement)
- 11 BY adding to
12 Article – State Government
13 Section 5–108
14 Annotated Code of Maryland
15 (2021 Replacement Volume and 2023 Supplement)
- 16 BY repealing
17 Article – State Government
18 Section 9–1701 through 9–1707 and the subtitle “Subtitle 17. Maryland State
19 Employees Surety Bond Committee”
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2023 Supplement)
- 22 BY repealing and reenacting, with amendments,
23 Article – State Personnel and Pensions
24 Section 21–210(a)
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2023 Supplement)
- 27 BY repealing and reenacting, with amendments,
28 Article – Transportation
29 Section 8–204(e)(2)
30 Annotated Code of Maryland
31 (2020 Replacement Volume and 2023 Supplement)
- 32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
33 That the Laws of Maryland read as follows:
- 34 **Article – Agriculture**
- 35 8–205.
- 36 (c) The Committee shall:

(8) Provide for the execution of surety bonds **OR INSURANCE POLICIES OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE** for every employee or officer entrusted with funds or property;

8-303.

(c) The supervisors shall provide for the execution of surety bonds **OR INSURANCE POLICIES OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE** for every employee and officer who is entrusted with funds or property. They shall provide for the keeping of a full and accurate record of all proceedings and of all resolutions, rules and regulations, and orders issued or adopted. They shall provide for an annual audit of the accounts of receipts and disbursements.

Article – Business Occupations and Professions

3-204.

(d) (2) The Board may require the staff to be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

7-203.

(c) The secretary of the Board shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

16-203.

(c) While in office, the chairman shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

16-205.

(e) While employed as executive director, the executive director shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

1 17-203.

2 (d) While in office, the chairman shall be covered by a surety bond [in the form
3 and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE**
4 **AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF**
5 **THE STATE GOVERNMENT ARTICLE.**

6 17-205.

7 (f) While employed as executive director, the executive director shall be covered
8 by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY**
9 **OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE**
10 **TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

11 Article – Business Regulation

12 4-204.

13 (d) While in office, each member of the Commission shall be covered by a surety
14 bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE**
15 **AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER**
16 **UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

17 8-205.

18 (d) While employed as executive director, the executive director shall be covered
19 by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY**
20 **OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE**
21 **TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

22 11-204.

23 (d) While in office, each member of the Commission shall be covered by a surety
24 bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE**
25 **AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER**
26 **UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

27 Article – Correctional Services

28 3-217.

29 (a) (1) The Governor may require the Commissioner to execute a surety bond
30 in an amount that the Governor establishes **OR AN INSURANCE POLICY OF THE TYPE**
31 **AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE GOVERNOR IN**
32 **CONSULTATION WITH THE STATE TREASURER.**

(2) The Commissioner may require any officer or other employee of the Division to execute a surety bond in the amount that the Commissioner, with the approval of the [Comptroller] **STATE TREASURER**, establishes.

(3) The bond shall be conditioned on the individual faithfully performing the duties of office and accounting for all funds officially received.

(b) (1) [The] **A** surety bond for the Commissioner shall be issued by a corporate surety approved by the Governor.

(2) [The] **ANY** surety bond for [any] **AN** officer or other employee of the Division shall be issued by a corporate surety approved by the Commissioner and the [Comptroller] **STATE TREASURER**.

(c) The premium for a surety bond **OR AN INSURANCE POLICY** issued under this section shall be paid by the Division.

(d) An individual who fails to provide or maintain a surety bond **OR AN INSURANCE POLICY** as required by this section:

(1) may not assume the duties of the individual's position; and

(2) after 30 days, forfeits the individual's office or employment.

Article – Economic Development

10–313.

(b) Each member, the Executive Director, each other officer, and each employee of the Authority shall be covered by a surety bond [in accordance with Title 9, Subtitle 17 of the State Government Article] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5–108 OF THE STATE GOVERNMENT ARTICLE**.

Article – Education

18–1908.

[(a) The State Treasurer shall purchase a bond for each fiduciary in accordance with Title 9, Subtitle 17 of the State Government Article.]

(A) EACH FIDUCIARY SHALL BE COVERED BY A SURETY BOND OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED

1 BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE,
2 AS A FIDUCIARY OF THE TRUST.

3 **Article – Insurance**

4 2-103.

5 (e) The Commissioner shall be covered by a surety bond [in the form and amount
6 required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF**
7 **COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE**
8 **GOVERNMENT ARTICLE.**

9 2-104.

10 (a) (3) The Deputy Commissioner shall be covered by a surety bond [in the
11 form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE**
12 **AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF**
13 **THE STATE GOVERNMENT ARTICLE.**

14 **Article – Labor and Employment**

15 8-414.

16 (b) (1) Subject to § 8-405 of this subtitle and paragraph (2) of this subsection,
17 the Secretary shall use the Unemployment Insurance Administration Fund to pay the
18 administrative costs of this title including the costs of:

19 (i) office space in accordance with § 8-421(c) of this subtitle; and

20 (ii) the **PREMIUM OF ANY** surety bond **OR INSURANCE POLICY** of
21 the State Treasurer under § 5-102.1 of the State Government Article for the
22 Unemployment Insurance Administration Fund.

23 **Article – Natural Resources**

24 3-103.

25 (e) (1) (v) Upon entering the performance of official duties, the Treasurer
26 shall be covered by a surety bond [in accordance with the provisions of law concerning the
27 State Employees Surety Bond Committee] **OR AN INSURANCE POLICY OF THE TYPE AND**
28 **IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER §**
29 **5-108 OF THE STATE GOVERNMENT ARTICLE.**

30 (2) (ii) The Deputy Treasurer shall be covered by a surety bond [in
31 accordance with the provisions of law concerning the State Employees Surety Bond
32 Committee] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF**

COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.

3-903.

(g) Each member of the Authority, the executive director and such employees as may be designated by the Authority, shall, upon entering the performance of their duties, be covered by a surety bond [in accordance with the provisions of Title 9, Subtitle 17 of the State Government Article] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

Article – State Finance and Procurement

8-135.

(c) During its agency, the fiscal agent shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THE STATE GOVERNMENT ARTICLE.**

Article – State Government

2-1218.

(b) The Legislative Auditor must:

(3) while in office, be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5-108 OF THIS ARTICLE.**

4-102.

(a) While in office, the Comptroller shall be covered by a surety bond **OR AN INSURANCE POLICY** as required in this section.

(b) [The] A surety bond of the Comptroller shall:

(1) run to the State;

(2) be in the amount of \$200,000;

(3) be with surety that the Governor approves; and

(4) be conditioned on the Comptroller:

(i) accounting for the funds that are received under color of office;
and

(ii) otherwise discharging faithfully each duty of office.

(c) After execution and approval of a surety bond under this section, the surety bond shall be recorded in the office of the Clerk of the Supreme Court of Maryland.

(D) THE STATE TREASURER SHALL DETERMINE THE TYPE AND AMOUNT OF COVERAGE TO BE PROVIDED BY AN INSURANCE POLICY PURCHASED UNDER SUBSECTION (A) OF THIS SECTION AND KEEP RECORD OF ANY INSURANCE POLICY PROCURED TO MEET THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION.

4–104.

(b) (2) While in office, the Chief Deputy Comptroller and each deputy comptroller shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5–108 OF THIS ARTICLE.**

5–102.

(a) While in office, the Treasurer shall be covered by a surety bond **OR AN INSURANCE POLICY** as required in this section.

(b) **[The] A** surety bond under this section shall:

(1) run to the State;

(2) be in the amount that the Governor approves;

(3) be with a surety company that is authorized to do business in the State;

and

(4) include provisions that secure the money of:

(i) the Injured Workers' Insurance Fund;

(ii) the Subsequent Injury Fund; and

(iii) the Unemployment Insurance Administration Fund.

(c) (1) If the Governor believes that **[the] A** surety bond under this section has or is likely to become invalid or insufficient, the Governor shall demand that the Treasurer obtain coverage under a new surety bond that meets the requirements of this section.

(2) Neglect or refusal to obtain the coverage within 20 days after the demand constitutes disqualification from office, as authorized in the Maryland Constitution.

(d) After execution and approval of a surety bond under this section, the surety bond shall be recorded in the office of the Clerk of the Supreme Court of Maryland.

(E) (1) THE GOVERNOR, IN CONSULTATION WITH THE STATE TREASURER, SHALL DETERMINE THE TYPE AND AMOUNT OF COVERAGE PROVIDED BY AN INSURANCE POLICY PURCHASED UNDER SUBSECTION (A) OF THIS SECTION.

(2) THE STATE TREASURER SHALL KEEP A RECORD OF ANY INSURANCE POLICY PROCURED FOR THE PURPOSE OF MEETING THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION.

5–102.1.

(a) In addition to the bond **OR INSURANCE POLICY** required under § 5–102 of this subtitle, the State Treasurer shall be covered by a surety bond [as required in] **OR AN INSURANCE POLICY MEETING THE REQUIREMENTS OF** this section.

(b) [The] **A** surety bond [under] **PURCHASED TO MEET THE REQUIREMENTS OF SUBSECTION (A) OF** this section shall:

(1) be conditioned on the faithful performance of the duties of the State Treasurer as custodian of the Unemployment Insurance Fund;

(2) run to the State;

(3) be in an amount that the Secretary approves; and

(4) be in a form required by law or approved by the Attorney General.

(C) AN INSURANCE POLICY PURCHASED TO MEET THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION SHALL BE OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER, IN CONSULTATION WITH THE SECRETARY OF LABOR.

5–105.

(a) (2) While on the staff, an individual shall be covered by a surety bond [in the form and amount required by law] **OR AN INSURANCE POLICY OF THE TYPE AND IN THE AMOUNT OF COVERAGE DETERMINED BY THE STATE TREASURER UNDER § 5–108 OF THIS SUBTITLE.**

1 **5-108.**

2 (A) IN DETERMINING THE TYPE AND AMOUNT OF COVERAGE OF ANY SURETY
3 BOND OR INSURANCE POLICY REQUIRED BY LAW, THE STATE TREASURER SHALL
4 HAVE DUE REGARD FOR THE DUTIES AND RESPONSIBILITIES OF THE OFFICER OR
5 EMPLOYEE.

6 (B) AN OFFICER OR EMPLOYEE WHO IS REQUIRED TO BE BONDED OR
7 INSURED SHALL BE COVERED, ON BEGINNING THE PERFORMANCE OF THE
8 OFFICER'S OR EMPLOYEE'S DUTIES, BY A SURETY BOND OR AN INSURANCE POLICY
9 OF THE TYPE SPECIFIED AND IN THE AMOUNT AND TERM TO BE DETERMINED BY THE
10 STATE TREASURER.

11 (C) EACH STATE OFFICER OR EMPLOYEE, OTHER THAN THOSE
12 SPECIFICALLY REQUIRED TO BE BONDED OR INSURED IN ACCORDANCE WITH ANY
13 LAW OF THE STATE, WHO IN THE OPINION OF THE STATE TREASURER SHOULD BE
14 BONDED OR INSURED SHALL BE BONDED WITH THE TYPE OF BOND OR INSURANCE
15 AND IN THE AMOUNT AND TERM TO BE DETERMINED BY THE STATE TREASURER.

16 (D) THE STATE TREASURER SHALL KEEP A RECORD OF EACH INSURANCE
17 POLICY PURCHASED TO MEET THE REQUIREMENTS OF SUBSECTION (B) OF THIS
18 SECTION.

19 (E) (1) ON THE PURCHASE OF ANY BOND REQUIRED BY LAW, A COPY OF
20 THE BOND SHALL BE SENT TO THE COMPTROLLER.

21 (2) A RECORD SHALL BE KEPT IN THE OFFICE OF THE STATE
22 COMPTROLLER GIVING:

23 (I) THE NAME OF THE OFFICER OR EMPLOYEE FOR WHOM ANY
24 INDIVIDUAL BOND IS ISSUED;

25 (II) THE NAME OF THE AGENCY IN WHICH THE OFFICER OR
26 EMPLOYEE IS EMPLOYED OR THE NAME OF THE AGENCIES COVERED UNDER A
27 BLANKET BOND PROGRAM;

28 (III) THE NAME OF THE COMPANY ISSUING THE BOND; AND

29 (IV) THE AMOUNT, DATE, AND TIME OF EXPIRATION OF THE
30 BOND AND OF ANY CERTIFICATE RENEWING THE BOND.

31 [Subtitle 17. Maryland State Employees Surety Bond Committee.]

1 [9-1701.

2 In this subtitle, "Committee" means the Maryland State Employees Surety Bond
3 Committee.]

4 [9-1702.

5 There is a committee on bonding of State officers and employees, known as the
6 Maryland State Employees Surety Bond Committee.]

7 [9-1703.

8 The Committee consists of the State Treasurer, the State Comptroller, and the
9 Attorney General or their designated representatives.]

10 [9-1704.

11 (a) The Committee may periodically set the type and amount of the bonds of each
12 State officer and employee who is required to be bonded in accordance with any law of the
13 State, having due regard for the duties and responsibilities of the officer or employee.

14 (b) An officer or employee who is required to be bonded shall be covered, on
15 entering the performance of the officer's or employee's duties, by a surety bond of the type
16 specified and in the amount and term fixed by the Committee.]

17 [9-1705.

18 Each State officer or employee other than those specifically required to be bonded in
19 accordance with any law of the State, who in the opinion of the Committee should be
20 bonded, shall be bonded with the type of bond and in the amount and term to be determined
21 by the Committee.]

22 [9-1706.

23 (a) Bonds purchased in accordance with §§ 9-1704 and 9-1705 of this subtitle
24 shall be purchased by the State Treasurer on prior approval of the Board of Public Works
25 from a company authorized to issue the bonds and authorized to do business in the State.

26 (b) The premium on bonds purchased in accordance with §§ 9-1704 and 9-1705
27 of this subtitle shall be provided for in the State budget.

28 (c) On prior approval of the Board of Public Works, the State Treasurer may at
29 any time any bond coverage is no longer required, cause the bond to be canceled or
30 terminated and may collect any rebate of premium on the bond.]

31 [9-1707.

(a) Each bond required by §§ 9–1704 and 9–1705 of this subtitle shall be approved as to form by the Attorney General and filed in the Office of the State Comptroller.

(b) A record shall be kept in the Office of the State Comptroller giving:

(1) the name of the officer or employee for whom any individual bond is issued;

(2) the name of the agency in which the officer or employee is employed or the name of the agencies covered under a blanket bond program;

(3) the name of the company issuing the bond; and

(4) the amount, date, and time of expiration of the bond and of any certificate renewing the bond.]

Article – State Personnel and Pensions

21–210.

(a) Except as provided in subsection (c) of this section, the State shall purchase a bond for each fiduciary in [accordance with Title 9, Subtitle 17 of the State Government Article] **THE FORM AND AMOUNT DETERMINED BY THE STATE TREASURER UNDER § 5–108 OF THE STATE GOVERNMENT ARTICLE, IN CONSULTATION WITH THE BOARD OF TRUSTEES.**

Article – Transportation

8–204.

(e) (2) Any employee of the Administration may be bonded [under Title 9, Subtitle 17 of the State Government Article] **OR COVERED BY AN INSURANCE POLICY AS DETERMINED BY THE STATE TREASURER UNDER § 5–108 OF THE STATE GOVERNMENT ARTICLE.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2024.