

25.04.01 Maryland Prepaid College Trust Claim Procedures

Authority: Education Article, §18-1917, Annotated Code of Maryland

Notice of Proposed Action

[24-080-P]

The Office of the State Treasurer proposes to adopt new Regulations .01—.10 under a new chapter, **COMAR 25.04.01 Maryland Prepaid College Trust Claim Procedures**, under a new subtitle, **Subtitle 04 Maryland 529 Program**.

Statement of Purpose

The purpose of this action is to add the Maryland 529 Program under the authority of the Office of the State Treasurer and adopt new COMAR 25.04.01 to regulate Maryland Prepaid College Trust Claim procedures.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Jonathan Martin, Chief Deputy Treasurer, Office of the State Treasurer, 80 Calvert Street, Room 109, Annapolis, MD 21401, or call 410-260-7080, or email to jmartin@treasurer.state.md.us. Comments will be accepted through September 9, 2024. A public hearing has not been scheduled.

.01 Scope.

These claim procedures apply to claims arising from the administration of the Maryland Prepaid College Trust and are subject to and in accordance with Education Article, §18-1917, Annotated Code of Maryland.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) *“Account holder” means an account holder as defined in Education Article, §18-1901(c), Annotated Code of Maryland, who, on or after November 1, 2021, had an open and existing prepaid contract, as determined by the Treasurer in the Treasurer’s sole discretion.*

(2) *“Claim” means a written demand for monetary damages arising from the administration of the Trust that is submitted to the Treasurer, and that meets the requirements of Regulations .03—.05 of this chapter.*

(3) *“Claim Administrator” means the person or people delegated by the Treasurer with the administrative duty of processing claims.*

(4) *“Claim Portal” means the online system used for submission and administration of claims.*

(5) *“Claimant” means an account holder or qualified beneficiary who submits a claim in accordance with the claim process established in these regulations.*

(6) *“Eligible institution of higher education” means an eligible institution of higher education as defined in Education Article, §18-1901(f), Annotated Code of Maryland.*

(7) *“Maryland 529” means the Maryland 529 Program created by Education Article, Title 18, Subtitle 19, Annotated Code of Maryland.*

(8) *“Prepaid contract” means a prepaid contract as defined in Education Article, §18-1901(j), Annotated Code of Maryland.*

(9) *“Qualified beneficiary” means a qualified beneficiary as defined in Education Article, §18-1901(l), Annotated Code of Maryland, who, on or after November 1, 2021, was a qualified beneficiary of an open and existing prepaid contract, as determined by the Treasurer in the Treasurer’s sole discretion.*

(10) *“Qualified higher education expenses” means those qualified higher education expenses as defined in Education Article, §18-1901(m), Annotated Code of Maryland.*

(11) *“Qualified state tuition program” means a qualified state tuition program as defined in Education Article, §18-1901(n), Annotated Code of Maryland.*

(12) *“State personnel” means a State employee or official who is paid in whole or in part by the Central Payroll Bureau in the Office of the Comptroller.*

(13) *“Submit” or its variations means actual receipt by the Treasurer.*

(14) *“Treasurer” means the State Treasurer of Maryland or the Treasurer’s Designee.*

(15) *“Treasurer’s designee” means only the Chief Deputy Treasurer, the Deputy Treasurer for the Maryland 529 Program, or the Director of Maryland 529.*

(16) *“Trust” means the Maryland Senator Edward J. Kasemeyer Prepaid College Trust established under Education Article, Title 18, Subtitle 19, Annotated Code of Maryland.*

.03 Submission of Claims.

A. A proper claim shall:

- (1) Contain a concise statement of facts that sets forth the nature of the claim;
- (2) State the name, address, telephone number, and email address, if any, of the claimant;
- (3) State the prepaid contract account number to which the claim relates;
- (4) Contain a demand for money damages;
- (5) State the name, address, telephone number, and email address of the legal representative for the claimant, if any;
- (6) Relate to a prepaid contract that was open and existing on or after November 1, 2021, as determined by the Treasurer in the Treasurer's sole discretion; and
- (7) Be signed by the claimant, or a legal representative on behalf of the claimant.

B. A claim may be submitted:

- (1) Online using the Claim Portal which can be accessed on the Maryland 529 website (www.maryland529.com); or
- (2) By mailing a written notice of claim to MPCT Claims, c/o Maryland State Treasurer's Office, Goldstein Treasury Building, 80 Calvert Street, Annapolis, MD 21401.

C. A valid claim that meets the requirements of §A of this regulation, shall be deemed to have been submitted as of the date it is received by the Treasurer.

D. Submission of a claim to any unit of State government other than the Treasurer does not constitute proper submission of a claim.

E. A claim submitted to the Treasurer that is not in compliance with the requirements stated above shall be denied.

.04 Who May Submit a Claim.

A. A claim may be submitted to the Treasurer, as the fiduciary of the Trust, by an account holder, or by the authorized legal representative of the account holder, with respect to a prepaid contract that was open and existing on or after November 1, 2021, as determined by the Treasurer in the Treasurer's sole discretion.

B. A claim may also be submitted to the Treasurer, as the fiduciary of the Trust, by a qualified beneficiary or by the authorized legal representative of the qualified beneficiary, but only with respect to a distribution that was made to the qualified beneficiary or to an eligible institution of higher education on the qualified beneficiary's behalf and only with respect to a prepaid contract that was open and existing on or after November 1, 2021, as determined by the Treasurer in the Treasurer's sole discretion.

C. A claim submitted by a legal representative shall:

- (1) Be presented in the name of the claimant; and
- (2) Be signed by the legal representative.

D. A Claim Administrator may require that any claim submitted by a legal representative be supplemented by evidence that the legal representative is authorized to submit a claim on behalf of the claimant.

.05 Time for Filing.

A. A claim shall be submitted not later than 1 year after the date the claim arises.

B. The filing deadline set forth in §A of this regulation may not be suspended or tolled by reason of infancy, incompetency, other disability, or filing of suit.

.06 Initial Verification.

A. Upon submission of a claim, the Claim Administrator shall:

- (1) Verify the claimant's identity and status as an account holder or a qualified beneficiary under a prepaid contract;
- (2) Verify the prepaid contract account information and that the prepaid contract was open and existing on or after November 1, 2021;
- (3) If the claim was submitted by a qualified beneficiary or a legal representative of a qualified beneficiary, verify that the claim relates to a distribution that was made to the qualified beneficiary or to an eligible institution of higher education on the qualified beneficiary's behalf; and
- (4) Verify that the claim was timely submitted.

B. Once the Claim Administrator has verified the information listed in §A of this regulation, the Claim Administrator shall provide a written acknowledgement to the claimant that the claim has been received and will be investigated in accordance with Regulation .07 of this chapter.

C. If the Claim Administrator is unable to verify any of the information listed in §A of this regulation, the Claim Administrator will notify the claimant in writing of the need for additional information.

D. Following notification in writing in accordance with §C of this regulation, if the Treasurer determines that the claimant has failed to provide the additional information requested in a timely fashion, the claim may be denied.

.07 Investigation of Claim.

A. The Claim Administrator shall investigate a Claim following completion of the verification process described in Regulation .06A of this chapter.

B. If, during the course of the investigation required by §A of this regulation, the Treasurer or the Claim Administrator determines that additional information is needed to make a determination as to whether to approve or deny a claim, the claimant will be notified in writing of the need for additional information.

C. Following notification in writing in accordance with §B of this regulation, if the Treasurer determines that the claimant has failed to provide the additional information requested in a timely fashion, the claim may be denied.

D. Upon completing the investigation of a claim, the Treasurer shall approve or deny the claim in whole or in part and notify the claimant, or the legal representative or counsel for the claimant, in writing of the final determination.

.08 Denial of Claim.

A. The Treasurer shall notify a claimant, or the legal representative of the claimant, if any, in writing if a claim is denied, and such denial shall be final.

B. A written final denial of a claim by the Treasurer may include a general statement of the reason for the denial.

.09 Action on Approved Claim.

A. A settlement of a claim with a claimant shall be final and shall fully dispose of the claim.

B. A settlement of a claim, regardless of amount, is not valid without the approval of the Treasurer or the Treasurer's designee.

C. Payment of a settlement shall be predicated upon the Treasurer's receipt and approval of a release of the claim and all claims relating to or arising from the administration of the Trust against the Treasurer, the State, each of the State's units, all State personnel, Maryland 529, and the Trust, properly executed by the claimant.

D. If a claimant is represented by a legal representative and the claimant's legal representative has presented suitable evidence of authorized representation to the Treasurer, a check issued by the Treasurer in payment of settlement shall, upon request of the claimant's legal representative, designate both the claimant and the legal representative as payee and shall be mailed or delivered to the claimant's legal representative.

E. Acceptance by the claimant of any settlement offered shall:

(1) Be conditioned on an agreement of the account holder to transfer all funds in the prepaid contract account which is the subject of the claim to any other qualified state tuition program;

(2) Be final and conclusive as to the claimant, any qualified beneficiary of the prepaid contract to which the claim relates, the claimant's legal representative, and any other person who has or may make a claim related to the prepaid contract to which the claim relates; and

(3) Constitute a complete release of any claim arising from the administration of the Trust against the Treasurer, the State, each of the State's units, all State personnel, Maryland 529, and the Trust.

.10 Payment of Claims Limited to Assets of Trust.

A. As set forth in Education Article, §18-1917(h), Annotated Code of Maryland, any claim by an account holder or a qualified beneficiary shall be made solely against the assets of the Trust.

B. The Treasurer's final determination with respect to each claim will be made independently and in the Treasurer's sole discretion in the Treasurer's role as fiduciary to the Trust.

C. The claims process described in this chapter shall be the exclusive remedy for a claim against the assets of the Trust.

JONATHAN MARTIN
Chief Deputy Treasurer