

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	10 - 0 - 0
<b>Yeas:</b>	Barton, Cameron, Garrett, Krieger, Olson, Shields, Smith J., Stiegler, Whisnant, Barker
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Anna Braun, Counsel
<b>Meeting Dates:</b>	4/13

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**WHAT THE MEASURE DOES:** Provides for rules for funds resulting from settlements or judgments involving minors for amounts less than \$25,000. Allows withdrawal of funds only pursuant to a court order, when the minor becomes an adult or upon minor's death. Allows minors with funds from settlements or judgments to open binding bank accounts.

**ISSUES DISCUSSED:**

- Compromise between bankers, lawyers and insurance industry

**EFFECT OF COMMITTEE AMENDMENT:** Allows withdrawal of funds only pursuant to a court order, when the minor becomes an adult or upon minor's death. Allows minors with funds from settlements or judgments to open binding bank accounts.

**BACKGROUND:** Last session, the legislature passed HB 3083 which allowed settlements and judgments for minors that are less than \$25,000 to be placed in locked accounts. However, implementing the law became troublesome for some banks because of a minor's lack of authority to enter into binding contracts. HB 2687 A clarifies that minors in such situations do have authority to enter into binding accounts and clearly states that withdrawal of funds from those accounts is only allowed pursuant to a court order, upon the minor's death or the when the minor becomes an adult. HB 2687 A also directs attorneys to keep records on settlement agreements and keep the records for two years after the minor becomes an adult. Attorneys are required to place the funds in an FDIC-insured bank account on behalf of the minor. If an attorney is not involved, the person entering the settlement agreement on behalf of the minor must put the money in an FDIC-insured bank account. Alternatively, the attorney or person entering into the settlement agreement or who has legal custody of the minor may place the money in an annuity with the minor designated as the sole beneficiary.

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*This summary has not been adopted or officially endorsed by action of the committee.*