

result of such hearing. Any such action of approval of reorganization securities by the Indiana Commission would undoubtedly exempt, under Section 3 (a) (10), the securities thus approved.

To specify, by using the language of your fourth question, my opinion is, under the circumstances stated in the preceding paragraph, that the Indiana Securities Commission is a governmental authority expressly authorized by law to grant approval of the terms and conditions of the issuance and exchange of securities, in connection with any reorganization, readjustment or other issuance of securities in exchange for one or more *bona fide* outstanding securities, claims or property interests, or partly in such exchange and partly for cash, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear.

INSURANCE, DEPARTMENT OF: Power of Farmers Mutual Company to insure urban property.

May 29, 1940.

Mr. Frank J. Viehmann,
 Commissioner, Department of Insurance,
 State House,
 Indianapolis, Indiana.

Dear Sir:

I have before me your letter of May 18 which reads in principal part, as follows:

“Many inquiries have reached this Department as to the interpretation of a statute known as Section 6, page 673, Chapter 145 of the Acts of 1919, amended 1927, relative to the risks upon which insurance could be written and policies issued by farmers mutual fire insurance companies. That portion of the statute in which we are particularly interested reads as follows:

“Property on Which Policies May Be Issued.—Such company may issue policies upon farm dwellings and other farm buildings, including silos, and the contents of such buildings; farm machinery, vehicles,

automobiles, auto trucks, tractors, threshing outfits, and other farm equipment; farm products, live stock, school houses, churches, and such other risks as are owned principally by farmers.'

"The particular question presented to the Department is whether or not companies of this character may write insurance upon buildings and property situated in other than rural districts, including villages or unincorporated towns where said buildings and property are owned and operated principally by farmers, or whether it restricts the issuance of policies by companies of this character to property located only in rural districts, excluding villages and unincorporated towns."

The last clause of this section, following the second semicolon, is not entirely clear. The obvious purpose of that part of the section which precedes the last clause is definitely to confine the writing of insurance by mutual farm insurance companies to properties which in essential features amount to farm property associated with and used in connection with farm operations. The last clause broadens the classification somewhat so as to include certain property, such as farm products, live stock, and school houses, churches, and the like, which "are owned principally by farmers".

Although the classification would seem to be broadened by the single test as to whether the property is owned "principally by farmers", it is my opinion, when reading the last clause in connection with the first part of the section, that only such property is intended to be included as is not only so owned but as also has some such relation or connection with farming interests as naturally to fall within the category of farm property even though not strictly such or used in connection with actual farm operations.

The words "owned principally by farmers" hardly mean, as might appear upon casual reading, that any property that happens to be owned by a farmer or farmers would be entitled to be insured by farm mutuals. Obviously, there is very much in property that might be owned under such circumstances by a farmer or farmers as could not be included within the classification intended by the section.

Regarding the question of location, I do not believe a proper test to be applied is whether the property is situated in a strictly rural district or in a village or unincorporated town. The classification, as broadened, might properly include property situated in villages or unincorporated towns as well as in rural districts. This view is strengthened when comparing carefully the language, and considering the apparent purpose, of the amended section under consideration (Section 39-2007, Burns' Indiana Statutes, 1933) with the section as it originally appeared, Section 6, Chapter 145, Acts of 1919.

It is therefore my opinion, answering specifically your question as presented, that mutual farm insurance companies may insure property situated in other than rural districts, including villages or unincorporated towns; that they are not restricted to the issuance of policies on property located only in rural districts, exclusive of villages and unincorporated towns. This is upon the assumption, as expressed in the third paragraph above, that the property insured is not only "owned principally by farmers", but also that it "has some such relation or connection with farming interests as naturally to fall within the category of farm property even though not strictly such or used in connection with actual farm operations".

UNEMPLOYMENT RELIEF COMMISSION: Unused funds appropriated for Governor's Commission on Unemployment relief revert to the original Commission appropriation.

June 11, 1940.

Mr. Dudley A. Smith, Director,
Unemployment Relief Commission,
1145 E. 22nd Street,
Indianapolis, Indiana.

Dear Sir:

I have your letter of June 5 which is as follows:

"Will you kindly answer a question which arises in connection with the use or disposition of certain funds made available for administrative use by the Director of the Governor's Commission on Unemployment Relief as result of a resolution adopted and approved