think that upon very sound grounds of public policy this sub-
division of your question must be answered in the affirmative,
that is, commissioners of such authorities are precluded from
selling insurance to the authority of which they are commis-
sioners upon the properties of such authority.

The answer to subdivision (b) of your question is not quite
as clear as the answer to subdivision (a). There seems to be
no express prohibition of the acts therein described so far as
section 6 is concerned. It appears to me, however, that there
is a certain almost unavoidable duress involved in such a trans-
action on account of which I think it is desirable that such a
situation be avoided. Moreover, policies issued in such cases
would be for the benefit of the authority as its interests ap-
peared so that even in such a case the commissioner might find
himself in case of a loss under the policy in a dual position. I
think the second subdivision of your question should also be
answered in the affirmative.

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INSURANCE, DEPARTMENT OF: Transfer of reserves de-
posited by Indiana company to Texas Insurance Commis-
sioner pursuant to reinsurance contract.

December 6, 1939.

Hon. Geo. H. Newbauer,
Commissioner,
Department of Insurance,
Indianapolis, Indiana.

Dear Sir:

Your letter of November 28th requesting an official opinion
relating to the transfer of reserves deposited by an Indiana
stock life insurance company which has entered into a re-
insurance contract with a foreign insurance company, reads
in part as follows:

"This company now proposes to enter into a rein-
surance contract with a company which has just been
incorporated under the laws of the State of Texas by
the terms of which contract the Indiana company will
transfer to the Texas company all of its assets of every
kind and description including title to such reserve
deposit, and the Texas company in consideration of
such transfer will assume all obligations of the Indiana company to policy holders and others and will, in addition thereto, arrange for the purchase from the stockholders of the Indiana company of their shares of stock. The effect of such reinsurance agreement, for all practical purposes, will be that the entire insurance business of the Indiana company will be taken over by the Texas company, which will thereafter operate in its place, and the Indiana company will probably be dissolved.”

You ask the following questions:

“Under the circumstances set out in this letter will it be lawful and proper for the Insurance Commissioner of Indiana to transfer to the Insurance Commissioner of the State of Texas the deposits now held by the Indiana commissioner for reserve purposes on the business heretofore issued by the Indiana company, assuming, of course, that such agreement of reinsurance is lawfully adopted and executed by both companies and approved by the departments of Indiana and Texas as required by our law, and that such reinsurance agreement contains the necessary provision that such Texas company shall elect to become a registered policy company under the laws of Texas?

“What the department is particularly interested in, is to know that when and if such transfer of deposit is made, the present policy holders of the Indiana company will continue to be protected by such reserve deposit in the manner contemplated by section 128 of the Indiana Law and that from and after the filing with the Indiana commissioner of the affidavit of notification to policy holders, the Indiana department will not be charged with any further responsibility or duty toward such policy holders.”

There is no question about the right of domestic companies to reinsure with foreign companies under certain conditions, according to the provisions of the Indiana Insurance Law of 1935. Section 128 thereof provides:

“If the state in which a foreign, new, surviving or accepting company, is incorporated or organized, shall require the maintenance with any official of such state
of a deposit of the legal reserve on the policies so assumed and such foreign company shall maintain such deposit, then the commissioner is authorized to deliver to the proper custodian of such funds in the state in which the said foreign company is incorporated or organized, such deposits as he may hold pertaining to the policies so assumed by the new, surviving or accepting company."

I have examined the Texas insurance laws and they meet the requirements of the Indiana law. Article 4740 of Vernon's Texas Statutes of 1936 (Revised Civil Statutes) provides:

"Any life insurance company now or which may hereafter be incorporated under the laws of this State may deposit with the commissioner for the common benefit of all the holders of its policies and annuity bonds, securities of the kinds in which, by the laws of this State, it is permitted to invest or loan its fund, equal to the legal reserve on all its outstanding policies in force, which securities shall be held by said commissioner in trust for the purpose and objects herein specified."

Also article 4741, as follows:

"After making the deposit mentioned above, no company shall thereafter issue a policy of insurance or endowment or annuity bond, except policies of industrial insurance, unless it shall have upon its face a certificate substantially in the following words: 'This policy is registered, and approved securities equal in value to the legal reserve hereon are held in trust by the Commissioner of Insurance of the State of Texas,' which certificate shall be signed by such commissioner and attested by his seal."

It appears that when a life insurance company in Texas has elected to become a registered policy company it must continue as such.

The reinsurance arrangement between the Indiana and the Texas company includes provision that the Texas company shall operate as a registered policy company; also that the reserve deposit transferred from the commissioner of Indiana to the commissioner of Texas shall remain as security for the out-
Standing policies of the Indiana company taken over by the Texas company.

Upon the foregoing facts, and the statutory provisions of both Indiana and Texas applying thereto, it seems quite clear, in answer to your two questions, that it would be lawful and proper for the Insurance Commissioner of Indiana to transfer the deposits in question to the Texas commissioner, that the present policy holders of the Indiana company would continue to be protected as contemplated by section 128 of the Indiana Insurance Law by the transfer of such reserve deposit, and that the Indiana Insurance Commissioner would be relieved from any further duty or responsibility to the Indiana policy holders, provided, of course, that all proper legal steps were taken in connection with the entire transaction of such re-insurance and transfer.

CLARK MEMORIAL COMMISSION: Authorities and powers of Department of Conservation upon taking over control and maintenance of.

December 7, 1939.

Mr. Christopher B. Coleman,
Member George Rogers Clark Memorial Commission,
140 North Senate Avenue,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter as follows:

"As a member of the George Rogers Clark Memorial Commission of Indiana, I write for an opinion concerning the powers and rights of the Department of Conservation if and when the George Rogers Clark memorial at Vincennes is turned over to it. The Act which created the commission and under which it operates (Acts 1927, chapter 22, pp. 57-70) provides in section 32 that:

"When the George Rogers Clark memorial shall have been finally completed and when any celebration which may be arranged for in connection therewith shall have been concluded, the governor, on request of the commission, shall issue an order declaring the commission dissolved, and thereupon the custody, manage-