counting for all sales of gasoline for nongovernmental purposes on the officer in charge of the reservation. I do not believe the language should be construed to mean that a tax would be exacted on all gasoline sold to the government agency and then a refund would be made on that part of the fuel used by the Federal Government.

With proper co-operation between the gasoline department of your office and the commanding officer of the United States reservations, there is no reason to believe that the State will lose any gasoline tax by reason of the fuel passing through the Federal Government Agency.

FINANCIAL INSTITUTIONS, DEPARTMENT OF: Retail installment sale contract—Issuance, to whom should rebate be paid in case of prepayment of time balance.

September 19, 1936.

Hon. R. A. McKinley,
Director, Department of Financial Institutions,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter concerning the Retail Installment Sales Act of 1935 in which you submit the following question:

“When the unpaid time balance on a retail installment contract is prepaid before maturity and the proper discount as required by General Order Number 2 of the Retail Installment Sales Act is given, to whom should the rebate for insurance policy cancellation be paid?”

Section 4 of the above Act on the subject of the provisions which must be contained in any such contract provides as follows:

“Provisions of Written Instruments. Every written instrument evidencing a retail installment sale shall recite the following separate items as such and in the following order:
(1) The cash price of the specific goods.
(2) The amount in cash of the retail buyer's down payment, whether made in money or goods or partly in money or partly in goods.

The term "down payment" for the purpose of this section, shall mean that part payment of the cash price required by the retail seller as a condition to the delivery of the specific goods sold or to be sold or to the extension of credit to the retail buyer for any portion of the cash price.

(3) The unpaid balance of the cash price payable by the retail buyer to the retail seller which is the difference between items (1) and (2).

(4) The cost to the retail buyer of any insurance the retail buyer has agreed to procure, if the retail seller has agreed to purchase the insurance and extend credit to the retail buyer for the price thereof.

(5) The principal balance owed on the retail installment contract which is the sum total of items (3) and (4).

(6) The amount of the finance charge.

(7) The time balance owed by the retail buyer to the retail seller and the number of installment payments required and the amount and date of each payment necessary finally to pay the time balance which is the sum total of items (5) and (6).

Item (4) and item (6) may be added together and stated as one sum in the written instrument and if so stated item (5) may be omitted, but in such event the retail seller shall, within twenty-five days after the making of the retail installment contract, mail to the retail buyer at his address as shown on the retail installment contract a statement reciting the separate amounts of items (4) and (6).”


It will be observed from the foregoing that the insurance premium out of which the return premium on cancellation arises is the cost of insurance which the retail buyer agrees to procure but for which the seller pays and extends credit therefor to the retail buyer. By the express terms of the
statute it is added to the unpaid balance of the cash price to make the principal balance owed on the retail installment contract. To this amount is added the finance charge, the sum thereof making up the “time balance.” So far as the statute is concerned, there perhaps is no limit to the amount of this insurance which may be required or the extent of the coverage so long as the parties have agreed thereon; but there is no indication in the statute that when acquired it becomes the property of the retail seller to do with as he chooses or that it may be required to extend for a period beyond the term when the retail seller would have any legal interest in its maintenance. In my opinion, any property interest in such insurance which the retail buyer procures over and above that which the retail seller would have a legal interest in maintaining belongs to the retail buyer who pays for it. When the balance of the “time balance” is paid off before maturity, the retail seller is completely reimbursed for his advancement on account of insurance. If the policy is a “single interest” policy for the benefit of the retail seller, the retail buyer is entitled to have it cancelled and any return premium paid to him. In other words, having paid for the full term, the retail buyer is entitled to any saving by virtue of the fact that the basis for the insurance has ceased to exist. If the policy, on the other hand, is of a character that protects the retail buyer, having paid for the full term, the insurance is his and he may either cancel it and retain the return premium or permit it to continue in force. Your question is answered accordingly.

FINANCIAL INSTITUTIONS, DEPARTMENT OF: Retail installment sale contract—Whether seller must deliver copy of same to buyer.

September 18, 1936.

Hon. R. A. McKinley,
Director,
Department of Financial Institutions,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter requesting an official opinion as to the Department’s duty with respect to violations of that