

3934.

APPROVAL, BONDS OF CITY OF IRONTON, LAWRENCE COUNTY,
OHIO—\$9,000.00

COLUMBUS, OHIO, January 9, 1932.

Industrial Commission of Ohio, Columbus, Ohio.

3935.

BOND—SECURING COUNTY DEPOSITS—MAY BE MODIFIED BY A
RIDER, PROVIDED IT COVERS SUM THEN ON DEPOSIT.

SYLLABUS:

When deposits in a county depository bank or trust company are secured by the bond of a fidelity or indemnity insurance company, and those deposits are increased or diminished, the depository may lawfully attach a rider to said undertaking, whereby it is provided that the said undertaking shall be held as security for an amount only, which is not less than the sum then on deposit, or an amount which, together with other securities duly and legally hypothecated, shall be not less than the sum on deposit after the same has been increased or diminished, as the case may be.

COLUMBUS, Ohio, January 9, 1932.

HON. ROBERT N. GORMAN, *Prosecuting Attorney, Cincinnati, Ohio.*

DEAR SIR:—This will acknowledge receipt of your request for my opinion, which reads as follows:

“The county commissioners have asked this office to construe Section 2724 of the General Code in connection with the reduction of bonds for county deposits in certain banks. The surety company rates have been increased twice in the past months and the companies have been increasingly unwilling to write this kind of business on account of the numerous bank failures in various parts of the country. On all new bonds they now charge \$12.50 per thousand instead of the last rate of \$7.50 per thousand and when the banks furnish collateral to secure part of the deposits formerly covered by a single bond, the companies refuse to issue the new and smaller bond under the old rate, although the risk is smaller and concerns itself with the identical parties.

The surety company agents are willing, however, to continue the bonds at the old rate provided they are allowed to attach a rider to the bond reducing the risk to the smaller amount to be secured. The question, therefore, is whether the county commissioners can lawfully agree to accept such a rider and if the surety company will be bound for the smaller amount.

Section 2724 G. C. provides that a bond must remain in effect until the last cent of deposit is withdrawn from the bank, unless of course, the surety company frees itself under the provisions of other sections