

expenses. The surplus to stabilize assessments that may be accumulated under this plan is limited to \$2.00 per thousand dollars of insurance in force, and is thereby so small and the possibilities of one large loss, or a series of losses, in a single community to which the activities of these associations are usually confined by reason of a severe storm, or general conflagration, would in my opinion render it inadvisable for persons in charge of public property to insure such property under this plan of insurance, thus subjecting the political subdivision to the possibility of a large contingent liability the amount of which cannot by any possibility be foreseen; yet I know of no law prohibiting them from doing so, and in my opinion it would not be illegal for them to do so.

Associations organized under Section 9593, General Code, having the requisite number of policies and amount of insurance in force and the required amount of assets may reorganize as mutual fire insurance companies. Mutual fire insurance companies are permitted to issue a number of different kinds of policies, dependent on the amount of surplus accumulated by the company and the provisions of its articles of incorporation and by-laws. In many of the policies, which these companies are authorized to issue the premium is to some extent at least, contingent, but in all cases the limitations of the amount of premium are fixed, and in no case may the premium be greater than the limitations fixed by the policy, although it may be less. So also are the limits of liability to which a policy holder may be subjected, in the event of the impairment of the company, fixed by the terms of the policy. Under no circumstances, may a policy holder become liable for more than the amount fixed by the policy, and therefore in insuring under these policies, the insured is advised at the time of taking the policy of the limits of his liability under such policy.

Laws have been enacted, and are now in force, making careful provision for the organization of mutual insurance companies and strict limitations are imposed on their management. In addition to this, provision is made for regular inspection of these companies and for their strict supervision by the Superintendent of Insurance.

Business men generally, do not consider the carrying of insurance in these companies as being at variance with sound business principles. The control and management of school property is the province of boards of education. In the absence of any specific direction as to the manner of performing these duties, such boards are vested with full discretion limited by law, and they cannot be said to have abused that discretion when they follow what is generally conceded to be sound business practice in the management of property similarly situated.

I am therefore of the opinion that boards of education may legally insure school buildings under their control in mutual insurance associations or companies.

Respectfully,
EDWARD C. TURNER,
Attorney General.

2739.

APPROVAL, BONDS OF THE VILLAGE OF CALEDONIA, MARION
COUNTY—\$3,509.32.

COLUMBUS, OHIO, October 17, 1928.

Retirement Board, State Teachers Retirement System, Columbus, Ohio.