

bonding companies to issue a bond, and to renew this bond by the payment of specified premiums each year. When the assured pays the premium, a premium receipt is issued to him which renews the bond for another twelve months."

And you have requested my opinion on the question:

"Is it necessary, under the provisions of Chapter 62, Laws of 1941, that the agent countersign this premium receipt or renewal certificate? . . ."

Section 1 of Chapter 62, Laws of 1941, provides:

"It shall be unlawful for any insurance company or association to write, issue, place or cause to be written, issued or placed in this State, any policy, bond, duplicate policy, contract of indemnity or insurance of any kind or character, hereinafter called contracts of insurance, covering risks on any persons, property, insurable business, activity or interest, located or transacted within this State, unless written through and countersigned by a resident agent of this State, duly licensed to transact such insurance, bonding or indemnity business therein. No such resident agent shall countersign contracts of insurance or endorsements in blank."

A renewal is in effect the issuance of a new policy. It is a distinct and separate contract. In 32, Corpus Juris, at page 1143, it is said:

"A renewal of a policy of insurance is in itself a contract of insurance; it is a new contract, at least in the sense that it is subject to the laws in force at the time it is effected, that it cannot be effected or consummated without the mutual assent of the parties and a meeting of the minds of the parties on all the essentials of the contract as in the creation of the contract in the first instance, and that the parties may renew the policy on terms differing from those contained in the original contract. . . ." (Citing many cases.)

And, in 25, Corpus Juris, at page 1109, with reference to fidelity insurance, it is said:

"The rule generally recognized is that a renewal of a fidelity policy or

Opinion No. 49.

Insurance Contracts—Renewal Certificates

Held: A renewal certificate or premium receipt affecting a renewal of a policy of insurance is required to be countersigned as provided in Chapter 62, Laws of 1941.

April 28, 1943.

Mr. John J. Holmes
State Auditor
Ex-Officio Commissioner of Insurance
State Capitol
Helena, Montana

Dear Mr. Holmes:

You have requested my opinion on the following:

"It has come to the attention of the Montana Insurance Department that bonding companies are issuing so-called renewal certificates, or as they call them, premium receipts, covering a renewal of surety bonds. As you know, it is the practice of

bond constitutes a separate and distinct contract for the period of time covered by such renewal, unless it appears to be the intention of the parties as evidenced by the provisions thereof, that such policy or bond and the renewal thereof shall constitute one continuous contract.”

It would seem the provisions of Section 1, supra, contemplate the countersigning of renewal certificates.

It is therefore my opinion renewal certificates or premium receipts effecting a renewal must be countersigned as provided by Chapter 62, Laws of 1941.

Sincerely yours,
R. V. BOTTOMLY
Attorney General