
Agents and Agency Relationship: Principles and Problems

In organization contracts, there exists a lawful connection between two individuals whereby one individual acts on behalf of the other. The principal-agent relationship is a course of action in which one element lawfully chooses another to follow up for its benefit. In this relationship, the agent follows up for the benefit of the principal and should not have a conflict circumstance in doing the act. Any individual following up for the other can't be an agent for another until there is an implied or explicit agreement between them, which prompts a legitimate connection between them. The principal-agent relationship can be entered into by any willing and able parties for the purpose of any legal transaction. In simple cases, the principal within the relationship is a sole individual who assigns an agent to carry out a task, however other relationships under this guise have a principal that is a corporation, a nonprofit organization, a government agency or a partnership. The agent is most often an individual capable of understanding and ultimately carrying out the task assigned by the principal. Common examples of the principal-agent relationship include hiring a contractor to complete a repair on a home, retaining an attorney to perform legal work or asking an investment advisor to diversify a portfolio of stocks. In each scenario, the principal is the individual seeking out the service or advice of a professional, while the agent is the professional performing the work. The agent is committed to act to the greatest advantage of the important in light of the fact that the agents' activities will make lawful commitments for the principal. The agency relationship empowers the agent to work for the principal as though the principal was accessible and acting alone.

There are distinctive types for the agency relationship creation, in light of the need .i.e. Actual authority and apparent authority. Actual authority fuses express authority and implied authority. An agent is said to have ostensible or apparent (not actual) authority if: The third party has in actuality depended on such portrayal to manage the agent. Third parties additionally enjoy wide insurance, cost of which is put at principals doors. Without notice of agents' bad behavior, third party can conjure principle of apparent authority and force principal to agree to terms of agreement he may have not approved and which is unfavorable to his interests. It gives the idea that the law of agency is loaded with uneasy decision of adjusting clashing interests off all parties. It endeavors to guarantee that idea of agency is serviceable practically speaking and advances financial development without setting undue burden on innocent party.

An agency may be terminated in the following two ways: by act of parties and by operation of law. An agency may be brought to an end by act of parties in any one of the following manners: by mutual consent. (ii). by breach of contract. (iii). by revocation of authority by the principal, (iv) by renunciation of agency by agent. An agency terminates by operation of law in following ways (i) on completion of business. (ii) On death of principal or agent. Insanity of either party. (iv)

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Insolvency of the principal. (v) Efflux of time (VI) Destruction or loss of subject-matter. (vii).
Change of law. (viii). War.

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