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Describe the different categories of agent in terms of their ability to contract. An agent is a person (which can include an entity, like a corporation, partnership, or LLC) who acts on behalf of and subject to the control of another by authority from him. The category of agent can affect their liability to any claims and the two main categories of agent: General agent: a general agent is an agent authorized by the principal to conduct a series of transactions involving continuity of service, like a manager of a business.

A general agent does not require fresh authorization for each ransaction.

Special agent: a special agent is an agent who is authorized to conduct a single transaction or a series of transactions not involving continuity of service. In other words, an agent who is given specific authority and specific instructions for a specific purpose is called special agent. l Jane’s contract, which gives her authority to act on their behalf for the purchase of all ladies fashion ranges fulfills three elements-consent, control and on behalf of-of an agency relationship indicating that the case satisfies the definition of agency relationship between the Jane and her employer.

Jane is supposed to be regarded as a special agent since the contract specifically mentions the range of her authority which is all ladies fashion ranges.

We should pay attention that, as generally, the principal will not be liable for third parties who deal with special agents in areas outwith their specific instructions. 2. Explain how the relationship of agency can be formed. Before an agency can be formed, both the principal and the agent should have the legal capacity and actually exist. Generally, a person can do anything through an agent that he or she could legally do personally.

The ways in which an agency can come into being: 1) Agency created by express appointment.

In common with other types of contract, an agency can be created expressly – either in writing or orally. Examples of types of express written appointment would include partnership agreements, powers of attorney, and any mandates. Although agency need not be constituted in writing, under the Commercial Agents(Council Directive)Regulations 1993, Regulation 13, commercial agents and principals are entitled to obtain from each other a statement of the terms on which they will do business together. 2) Agency created by mplied appointment.