

Paraphrase creditor rights, remedies, and insurance as a component of risk manage...

Law



Creditor Rights, Remedies, and Insurance as a Component of Risk

Management of Creditor Rights, Remedies, and Insurance as a Component of Risk Management

The world discerned the individual's responsibilities to furnish for his/ her family long ago. So insurance was formulated to defend against eventualities that might diminish or destroy one's power to fulfill those obligations. In order to facilitate the accomplishment of objectives of insurance, state and federal statutes bound the creditors' rights where the person has not attempted to employ this approach simply to avert debt payments.

An insurance policy is regarded as a contract between the insured and the insurer. This agreement necessitates that the Insurer performs in "good faith" towards the insured. However in case the debtor has destroyed, concealed, mutilated, falsified or failed to preserve any registered information like books, documents, papers, records from which the financial condition of debtor or the transactions related to business might be ascertained.

When a customer of a business fails to disburse his/ her debts, the creditor (business in the given case, to which the loan is payable) has numerous accessible remedies to assist collection of the due money from the debtor (customer as "debtor"). These techniques take account of remedies that do not necessitate court participation (known as "self-help" remedies), and remedies that do engage the courts.

State immunity laws were developed to permit insurance to execute its proposed functions and to prevent the insured's dependents from turning into a fiscal load on society. In case of limited annual premium insurance

policy, a creditor may be confined to retrieving only extra premium paid.

Decision

The lender of Interstate Distribution Corporation, “ The First National Bank “ and Interstate itself can collect the policy amount up to interest earned while Eagle does not has any Insurable interest as it might have kept the policy associated with warehouse but with the sale of property, it lost its ownership and so the claim to the policy (Creditors Rights and Collection Options).

References

Creditors Rights and Collection Options. (n. d.). FindLaw, a Thomsons Reuters Business. Retrieved from <http://smallbusiness.findlaw.com/business-finances/creditors-rights-and-collection-options.html>