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## Commercial Law: Insurance

J. Denson Smith

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## Commercial Law

### INSURANCE

*J. Denson Smith\**

In *Carlisle v. American Automobile Insurance Co.*<sup>1</sup> the action of an insurance agent having power to issue policies of fire insurance in advising the mortgagee under a loss payable clause that the policy would be continued for his protection notwithstanding a prior cancellation was held to constitute a complete reinstatement of the policy. The theory followed was that the coverage afforded by the policy was primarily in favor of the insured and that, by continuing it, the protection of the insured was necessarily reinstated.

The principal point at issue in *Ferguson v. Belcher & Son*<sup>2</sup> was whether the defendant was responsible for damaging the plaintiff's building in the course of demolition work. The findings was for the defendant. The court also held that defendant's liability insurer was not responsible for the payment of defendant's attorneys' fees because the policy relied upon did not afford coverage for the claim made by the plaintiff. It rejected, for lack of proof, a claim for the reformation of the policy on the basis of mutual error.

### NEGOTIABLE INSTRUMENTS

*Paul M. Hebert\**

Under the negotiable instruments law every negotiable instrument is deemed prima facie to have been issued for a valuable consideration. Absence or failure of consideration is a matter of defense as against any person not a holder in due course and partial failure of consideration is a defense *pro tanto*, whether the failure is an ascertained and liquidated amount or otherwise.<sup>1</sup> These provisions have been interpreted to mean that when the

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1. 229 La. 717, 86 So.2d 683 (1956).

2. 230 La. 422, 88 So.2d 806 (1956).

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1. LA. R.S. 7:24, 28 (1950).