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# Agency Relationship--Creditors' Group Life Insurance Policy

Peter Thomas Denny  
*West Virginia University College of Law*

Martin Joseph Glasser  
*West Virginia University College of Law*

John Charles Lobert  
*West Virginia University College of Law*

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## ABSTRACTS

**Agency Relationship—Creditors' Group Life Insurance Policy**

*P*, bank, had a creditors' group life insurance policy with *D*, insurance company, whereby *D* insured the lives of *P*'s debtors who were under 65 years of age. *P* collected and submitted the premiums to *D*. *P* extended a loan to *X*, who was over 65. *X* died before repayment, and as the loan proved uncollectible *P* sued *D*. *P* maintained that even though *X* was over 65 at the time of the loan, *P* acting as *D*'s agent had bound *D* by collecting premiums from *X* and transmitting them to *D*. *Held*, the contract of insurance was between two principals, the bank being the policyholder and the insured, and the insurance company being the insurer. No contractual relationship existed between the debtors and the insurer. The bank did not become an agent of the insurance company by merely collecting and remitting premiums to the insurance company. This was a mere matter of bookkeeping by *P*'s cashier and was a service performed by the bank. Since *P* can in no way be considered an agent, any attempt by *P* to include an ineligible debtor for coverage under the policy with *D* must be chargeable to the bank and not the insurer. *South Branch Valley Nat'l. Bank v. Metropolitan Life Ins. Co.*, 155 S.E.2d 845 (W. Va. 1967).

It is generally held that employees in doing the various acts required to make effective a policy of group insurance act for themselves and their employer, and not as agents of the insurer. This case represents the logical extension of that principle to an employee acting to effect a creditors' group life insurance policy covering his employer's debtors. 29 AM. JUR. *Innkeepers* § 136 (1960).

**Constitutional Law—Federal Habeas Corpus for State Prisoners**

Two prisoners in the custody of the State of West Virginia filed petitions for writs of habeas corpus in the Supreme Court of Appeals of West Virginia. Both petitions were denied without a hearing by the Court and both petitioners then filed petitions in the district court which were dismissed on the ground that state remedies had not been exhausted. Petitioners then appealed to the Court of Appeals. *Held*, reversed. A person who files habeas corpus proceedings in the West Virginia Supreme Court of Appeals is not required as a prerequisite to obtaining federal habeas corpus