

SEPARATE ENTITY DOCTRINE

- Value of the doctrine lies in its enabling of LL to operate and in asset partitioning
- *Saloman v Saloman*
 - Liquidator challenged because it was Saloman's company he was not entitled as secured creditor. Was he personally liable to pay remaining debts?
 - Held:
 - Saloman entitled as secured creditor
 - Wasn't liable to indemnify company for debts owing as creditors are limited to assets of company
 - De facto one-person company was fully recognised as separate legal entity (**s114**)
- *Macaure v North Assurance Co*
 - Only persons with legal or equitable interest in property are regarded as having insurable interest
 - Held:
 - HL agreed insurers not liable
 - Only company not M could insure its property against loss or damage
 - Shareholders, court held have no legal or equitable interest in company's property
- *Lee v Lee's Air Farming*
 - Claim initially rejected on ground that Lee had full control of company and couldn't work within meaning of act
 - Held
 - Company was separate legal entity distinct from Lee and could enter into contract of employment with company
- *Williams v Natural Life Health Foods*
 - Company can be liable in tort, either directly or vicariously

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Comment [1]: Saloman operated shoe business and decided to form a company. Saloman held majority of shares, family held minority. Saloman also secured creditor. When liquidated, realizable assets worth 6000 pounds. Broderip (other secured creditor ranked first) claimed 5000. Saloman claimed 1000 due debenture.

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Comment [2]: Land owned by timber plantation. Fire destroyed timber. Macaure made claim on insurance policy which was in his name and not in the name of the company. Thus, company didn't have policy that could be used for claims.

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Comment [3]: Lee was pilot who conduct top dressing and died during. Was governing director of company but had taken workers comp insurance naming Lee as employee. Widow made claim under workers comp policy