

## **CHAPTER 3-03 PRINCIPAL AND THIRD PERSON RELATION**

**3-03-01. Rights and liabilities accruing to principal.** An agent represents the agent's principal for all purposes within the scope of the agent's actual or ostensible authority, and all the rights and liabilities which would accrue to the agent from the transactions within such limit, if they had been entered into on the agent's own account, accrue to the principal.

**3-03-02. Principal bound when agent exceeds authority.** When an agent exceeds the agent's authority, the agent's principal is bound by the agent's authorized acts so far only as they can be plainly separated from those which are unauthorized.

**3-03-03. When ostensible authority binding.** A principal is bound by acts of the principal's agent under a merely ostensible authority to those persons only who in good faith and without ordinary negligence have incurred a liability or parted with value upon the faith thereof.

**3-03-04. Instrument within scope of authority binding.** Any instrument within the scope of the agent's authority by which an agent intends to bind the agent's principal does bind the principal if such intent is plainly inferable from the instrument itself.

**3-03-05. Notice to principal or agent.** As against a principal, both principal and agent are deemed to have notice of whatever either has notice and ought, in good faith and the exercise of ordinary care and diligence, to communicate to the other.

**3-03-06. Incomplete execution of authority.** A principal is bound by an incomplete execution of an authority when it is consistent with the whole purpose and scope thereof, but not otherwise.

**3-03-07. Credit to agent - Principal exonerated.** If exclusive credit is given to an agent by the person dealing with the agent, the agent's principal is exonerated by payment or other satisfaction made by the principal to the agent in good faith before receiving notice of the creditor's election to hold the principal responsible.

**3-03-08. Setoff against agent.** One who deals with an agent without knowing or having reason to believe that the agent acts as such in the transaction may set off against any claim of the principal arising out of the same all claims which the person dealing with the agent might have set off against the agent before notice of the agency.

**3-03-09. Negligence of agent.** Unless required by or under the authority of law to employ that particular agent, a principal is responsible to third persons for the negligence of the principal's agent in the transaction of the business of the agency, including wrongful acts committed by the agent in and as a part of the transaction of the business, and for the agent's willful omission to fulfill the obligations of the principal. The principal is not responsible for:

1. Other wrongs committed by the principal's agent unless the principal has authorized or ratified them, even though they are committed while the agent is engaged in the principal's service.
2. Injuries or death to passengers and other persons or damage to properties resulting from:
  - a. Operation or use of a motor vehicle, not owned, leased, or contracted for by the principal in a ridesharing arrangement, as defined in section 8-02-07.
  - b. Information, incentives, or other encouragement to agents to participate in a ridesharing arrangement, as defined in section 8-02-07.