

USING THE I-R-A-C STRUCTURE IN WRITING EXAM ANSWERS

The IRAC method is a framework for organizing your answer to a business law essay question. The basic structure is: Issue, Rule, Analysis, and Conclusion. Using this simple framework for structuring your answer will ensure that you have written a complete answer.

- Issue** Begin your answer by stating the issue presented by the essay question. Sometimes the question will provide the issue for you. If not, then ask: What is the legal question that, when answered, determines the result of the case? The issue should be stated in the form of a question in a specific, rather than general form: “Is there an agency relationship if there was no compensation paid?” would be an acceptable issue. “Will the plaintiff win?” would not be acceptable. Note that the issue may be case specific, mentioning the parties’ names and specific facts of the case. **Example:** “Did Jones have an agency relationship with XYZ Corp. due to his acting on behalf of XYZ and following its instructions?” The issue can encompass all cases which present a similar question. **Example:** “Is an agency created whenever there is an employment relationship?” Most cases present one issue. If there is more than one issue to address, then you must write a separate IRAC analysis for each issue.
- Rule** The rule describes which law or test applies to the issue. The rule should be stated as a general principal, and not a conclusion to the particular case being briefed. **Example:** “An agency relationship is created when there is an agreement that the agent will act for the benefit of the principal at the principal’s direction or control regardless of whether compensation is paid” would be an acceptable rule. “The plaintiff was the defendant’s agent” would not be an acceptable rule. *Do not* use parties’ names or specific facts from the case. **Hint:** Frequently, the rule will be the definition of the principle of law applicable in the case. **Example:** An agent may not use or disclose confidential information acquired through the agency absent an agreement to the contrary.
- Analysis** The analysis is the most important, and the longest, part of your answer. It involves applying the Rule to the facts of the problem or question. You should use the facts to explain how the rule leads to the conclusion. Discuss both sides of the case when possible. **Important:** *Do not merely state a conclusion without also stating reasons for it. A conclusion without reasons or explanation means that you have not used the rule and the facts to analyze the issue.* **Hint:** The rule can be used as a guide in your discussion. **Example:** Suppose the issue is whether A is an independent contractor. Using the facts of the case, explain whether or not they fit into the definition of what is an independent contractor: “In this case, A was told by the foreman what to wear, how to operate the machine, and when to report to work each day, giving her little control over the job.” If the rule is a test with multiple factors, then you must analyze each factor by pointing out how the facts do (or do not) fulfill each factor.
- Conclusion** The conclusion is your answer to the Issue. State the result of your analysis. **Examples:** “Smith is liable for negligence” or “Therefore, no valid contract was formed between X and Y.” If there are multiple issues, there must be multiple conclusions as well.

SAMPLE IRAC ANALYSIS

Caroline was employed as a receptionist for ABC Corporation. Her desk was located at the entrance of the corporate office and her duties were to greet customers, answer telephone calls, sort mail, and respond to general requests for information about ABC. One day, while all of the managers of ABC were out of the office, a representative of XYZ Insurance Co. stopped by to solicit ABC as a new client. He told Caroline that he wanted to find out whether ABC might be interested in canceling its present employee health insurance plan and adopting a plan provided by XYZ. Although Caroline explained that none of the ABC managers were in the office, the XYZ representative nevertheless described his company's health insurance plan in detail. When Caroline reacted by stating that XYZ's plan sounded better than the current ABC plan, the XYZ representative immediately produced a contract for Caroline to sign. Reluctantly, Caroline signed the contract accepting the offer to adopt XYZ's insurance plan. If XYZ seeks to enforce the contract against ABC, is ABC bound to the contract?

ANSWER

Whether the insurance contract is binding on ABC Corp. depends on whether A had actual or apparent authority to enter into it. Actual authority is the agent's power or responsibility expressly or impliedly communicated by the principal to the agent. Express actual authority includes the instructions and directions from the principal, while implied actual authority is the agent's ability to do whatever is reasonable to assume that the principal wanted the agent to do to carry out his or her express actual authority. Here, Caroline's express authority was to answer phones, direct messages, collect and sort the daily mail, greet visitors, and schedule appointments for the company managers. Her implied authority was to do anything reasonably related to performing those duties. She was not given any express authority to sign contracts, and signing contracts was not related to or implied in her duties as a receptionist. Therefore, Caroline had no actual authority to bind ABC to the contract.

Apparent authority arises when the principal's conduct, past dealings, or communications cause a third party to reasonably believe that the agent is authorized to act or do something. In this case, ABC did not communicate to XYZ that Caroline had authority to enter into an insurance contract, and no facts suggest that ABC and XYZ had done business in the past. The nature and typical responsibilities of Caroline's position as a receptionist does not make it reasonable for the XYZ representative to conclude that she was empowered to select and approve health insurance plans for ABC's employees. Thus, Caroline had no apparent authority to authorize the contract. Because Caroline did not have either actual or apparent authority to sign the contract, it is not binding on ABC Corp.

EXPLANATION

First, the main issues to be addressed are stated.

Next, the applicable rules of law or legal tests to be used in analyzing the issue are explained.

The rule of law or legal test is applied to the facts. Note that the facts are not merely repeated; rather, they are linked to elements of the rule or test as evidence to explain and justify the ultimate conclusion that there is no actual authority.

Conclusion as to the first issue.

The general rule of law to be applied in analyzing the next issue is stated.

The rule is applied to the facts. Note that the facts mentioned are those that relate to the definition of apparent authority.

Conclusion for the second issue.

An overall conclusion is reached as to the issue of liability.